



**JOE GQABI DISTRICT
MUNICIPALITY**

**DRAFT CONSOLIDATED
ANNUAL REPORT**

2016/17 Financial Year

January 2018

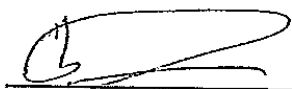
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CHAPTER 1 – MAYOR’S FOREWORD AND CERTIFICATION

EXECUTIVE MAYOR’S FOREWORD

This Annual Report provides an account of the service delivery efforts and strides that were implemented by the Joe Gqabi District municipality during the year under review. The basis for the annual performance report is the Integrated Development Plan (IDP) and budget that were adopted by the Council in May 2016 and reviewed during the year. Subsequent to the adoption of the IDP and budget the Executive Mayor approved a Service Delivery Budget Implementation Plan (SDBIP) for the 2016/17 financial year. Being a start-of-year planning and target tool, the SDBIP as approved gave meaning to both in-year reporting on both financial and non-financial information. The SDBIP in-year reporting also and ultimately this Annual Report include an account of the performances of the Joe Gqabi District Development Agency (JoGEDA). Thus, the IDP, budget and the SDBIP provided the basis for measuring performance in service delivery against end of-year targets and implementation of the budget.



Cllr Z.I. Dumzela
Executive Mayor

Date: 22 January 2018

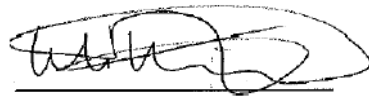
MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Zolile Williams, the Municipal Manager of the Joe Gqabi District Municipality, hereby certify that this Annual Performance Report for the 2016/17 financial year has been prepared in accordance with Section 46 of the Municipal Systems Act (Act 32 of 2000) as amended, read together with the Municipal Finance Management Act (Act 56 of 2003) and the Municipal Budget and Reporting Regulations of 2009. I further certify that to my knowledge the information contained within the report is a true reflection of the performance of the municipality during the 2016/17 financial year. This information is based on the performance of the Joe Gqabi District Municipality as per Service Delivery and Budget Implementation Plan that was approved in June 2016 and amended by Council in February 2017.

Print name: ZA Williams

Municipal Manager of Joe Gqabi District Municipality (DC14)

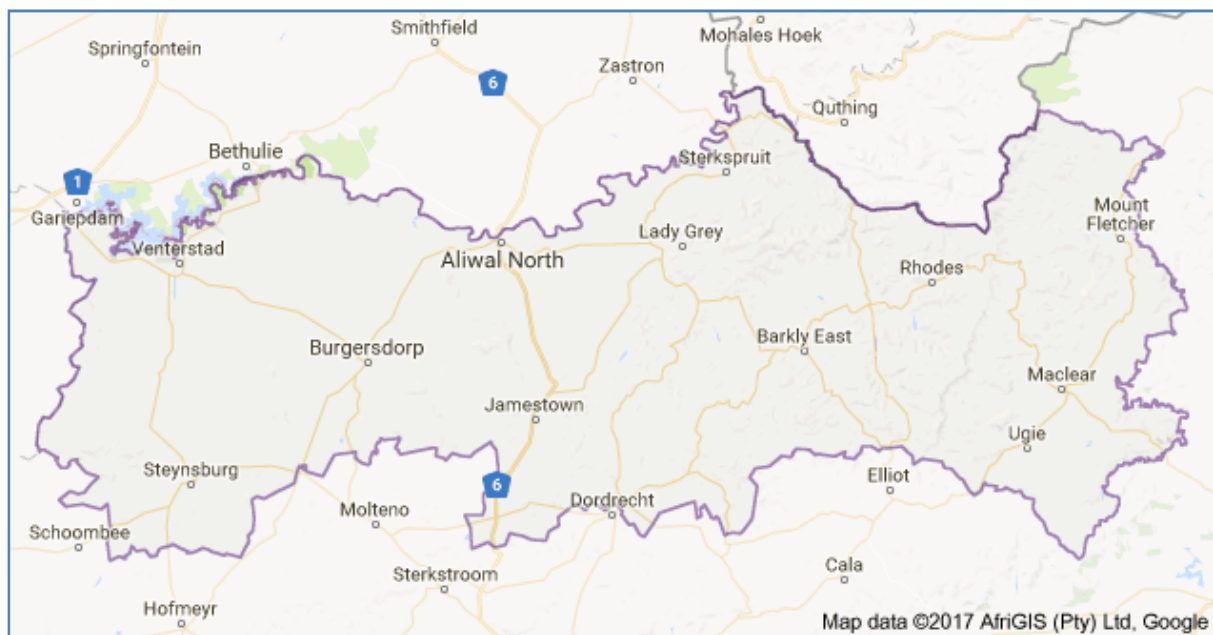
Signature:

A handwritten signature in black ink, appearing to read 'Zolile Williams', written over a horizontal line.

Date: 22 January 2018

CHAPTER 1. LOCALITY

The Joe Gqabi District Municipality (JGDM) is one of the six District Municipalities in the Eastern Cape Province. The JGDM consists of three local municipalities; viz: Elundini, Walter Sisulu and Senqu. The Walter Sisulu local municipality was established following the merger of the Maletswai and Gariep local municipalities after the August 2016 Local Government elections. Towns that form the District are Aliwal North, Barkly East, Burgersdorp, Jamestown, Lady Grey, Maclear, Mount Fletcher, Oviston, Rhodes, Rossouw, Sterkspruit, Steynsburg, Ugie and Venterstad. The seat of JGDM is in Barkly East. Neighbouring district municipalities are Alfred Nzo, OR Tambo and Chris Hani District Municipalities.



The demography of the District is depicted in the table below. The data shown in the table come from various sources. The table shows that the majority of the population is within the working group category with a high dependency ratios of 70%. The growth of the population continues to be modest at a rate of 1.5% between 2011 and 2016. Only about 6% of the population has an education attainment of higher education.

Table 1: JGDM demography

	2016	2011
Population	372 912	348 667
Age Structure		
Population under 15	36.8%	34.1%
Population 15 to 64	58.2%	58.4%

	2016	2011
Population over 65	5.0%	7.5%
Dependency Ratio		
Per 100 (15-64)	71.7	71.3
Sex Ratio		
Males per 100 females	89.8	89.8
Population Growth		
Per annum	1.53%	n/a
Labour Market		
Unemployment rate (official)		
Youth unemployment rate (official) 15-34		
Education (aged 20 +)		
No schooling	8.0%	14.5%
Matric	19.5%	14.1%
Higher education	5.8%	5.9%
Household Dynamics		
Households	95 107	97 470
Average household size	3.9	3.4
Female headed households	46.9%	49.3%
Formal dwellings	69.6%	60.4%
Housing owned	71.7%	61.3%
Household Services		
Flush toilet connected to sewerage	28.2%	23.9%
Weekly refuse removal	34.1%	28.1%
Piped water inside dwelling	19.2%	17.6%
Electricity for lighting	80.0%	69.1%

2.1 Political Structure of the District

The political component of the District consists of the Executive Mayor, the Speaker, who also constitute the 25 councillors of the JGDM. Council established a Municipal Public accounts Committee (MPAC) in November 2011 and the committee is fully functional. The District has a history of stable Councils and Management. The Joe Gqabi District Municipality has an executive mayoral system. The District has five standing committees which are chaired by portfolio councillors. With regard to the frequency of meetings, the Council met at least quarterly as well as and when required. Furthermore, for all the above-mentioned structures, special meetings were convened as and when necessary. The high level structure of the District is depicted in figure 2 below.

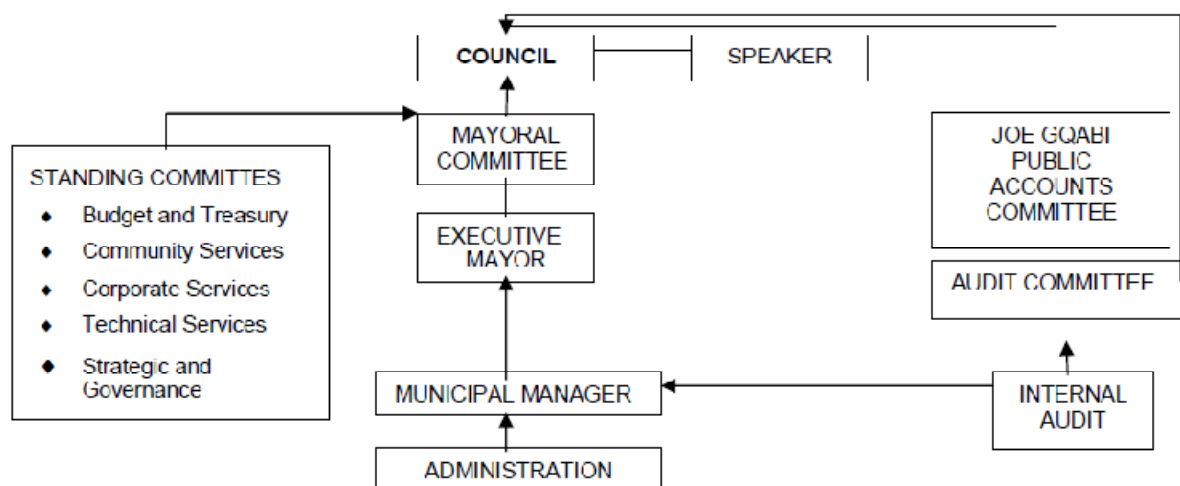


Figure 1: High level structure of the District

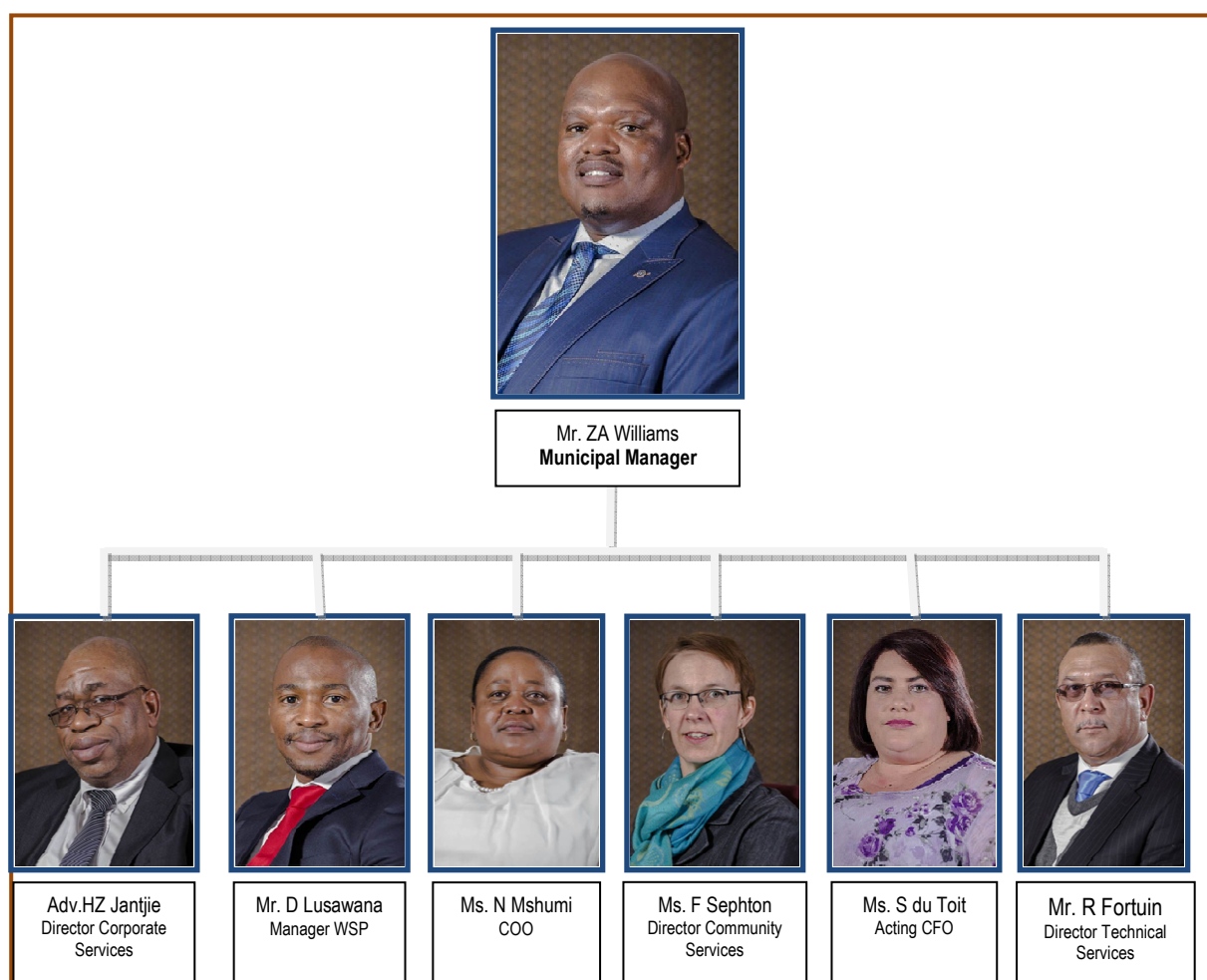
2.2 Political Leadership



2.3 Administrative Governance

Top Management

The Municipal Manager and his team of six senior managers lead the institution. All the senior management post, with the exception of the CFO, were filled during the year under review with signed performance agreements. Top management is responsible for preparation and submission of agenda items to Council and ensuring implementation of resolutions of Council.



2.4 Intergovernmental Relations and Public Participation

The IDP and Budget Representative Forum allow members to represent the interests of their constituents in the IDP and budget processes. It also provides an organizational mechanism for discussion, negotiation and decision making between the stakeholders including the municipal government. The forum met quarterly.

The traditional leader's forum, which is chaired by the Speaker of the District was functional throughout the year and various meetings were held focusing on the initiation programme. The main purpose of the forum is to create a dialogue and discussion platform between the municipality and traditional leadership and it ensures participation of traditional leadership in matters of local government. Traditional leaders also participated in Council meetings.

A number of LED related stakeholder forums existed during the year including the Agricultural Forum and the District Tourism Organisation. Various community and stakeholder participation initiatives were undertaken on an ongoing basis. The Executive Mayor's Community outmarch programme with the community was conducted from March 2016 in all four local municipalities. The District also participates in Mayoral Outreaches of the local municipalities. Issues identified through these engagements range from matters District and local municipality competence to those of other spheres of government. Key

issues include inadequate provision of water and sanitation services, high youth unemployment, rising crime rate and poor condition of roads.

2.5 IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
T 2.5.1	

CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

All entities face uncertainty and the challenge for management is to determine how much uncertainty it is prepared to accept as it strives to grow stakeholder value. Enterprise risk management is the process that will enable management to identify, assess the face of uncertainty and is therefore integral to value creation and preservation. With regard to risk management within the District, risk registers were developed and are reviewed annually. Actions plans are reviewed quarterly. A risk committee was established and is functional. The committee evaluates progress on the action plans.

The top five risks for the institution are as follows:

No	Risk description
1.	Social economic status of local area
2.	Implementation of systems and processes
3.	Environmental Management
4.	Inability to meet service delivery needs
5.	Lack of occupational health and safety compliance
6.	Sustainability of financial resources
7.	Staff attraction and retention
8.	Implementation of systems and processes
9.	Service Delivery

2.7 Anti-Corruption and Fraud

As its policy stance on fraud and corruption, the policy of the JGDM is zero tolerance to fraud and corruption. All fraud and corruption allegations are investigated and followed up once reported and all remedies available are applied within the full extent of the law. Prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of Joe Gqabi District Municipality. In order to minimize the occurrence of fraud and corruption the District has implemented various mechanisms which include division of duties, internal audit review of processes and adherence thereto, Audit Committees that exclude politicians and officials as voting members, condemnation by mayor and municipal manager of corrupt practices and involvement of the police as soon as grounds for suspicion become evident.

2.8 Supply Chain Management

The Supply Chain Management (SCM) function of the District is centralized under the Finance Department. This was implemented with a view of strengthening the capacity and ability of the District to comply with the MFMA and National Treasury Regulations. All these mechanisms and systems seek to ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption. The District has an approved SCM policy which is reviewed annually. Key policy objectives of the policy include the following:

- The Policy includes empowerment goals and objectives which strives towards ensuring that historically disadvantaged individuals (HDIs) are presented an opportunity to participate and function in the mainstream of the economy.
- A supplier development programme is also under consideration.

2.9 By-laws

The JGDM has the following by-laws:

Newly Developed	Revised	Public Participation Conducted Prior to Adoption (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
Community Fire Safety	N/A	Yes	October 2009	Yes	11 September 2009
Passenger Transport	N/A	Yes	October 2009	Yes	11 September 2009
Water Services	N/A	Yes	March 2008	Yes	07 March 2008

The District is committed to ensuring that all its by-laws are fully implemented. Technical capacity in terms appointment of staff, training of available staff, exploration of partnership possibilities and sourcing additional funding are some of the options being considered by the District.

2.10 WEBSITES

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's / Entity's Website	Yes / No
Current annual budget and all budget-related documents	Yes
Current Adjustment Budget	Yes
All current budget-related policies	Yes
The previous annual report (2015/16 FY)	Yes
The annual report (2016/17 FY) published/to be published	To be published
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (2016/17 FY) and resulting scorecards	Yes
All service delivery agreements (2016/17 FY)	No
All long-term borrowing contracts (2016/17 FY)	No
All supply chain management contracts above a prescribed value	Yes
An information statement containing a list of assets over a prescribed value that were disposed of in terms of section 14 (2) or (4) during 2015/16 FY	No
Contracts agreed in 2016/17 FY to which subsection (1) of section 33 apply, subject to subsection (3) of that section	
Public-private partnership agreements referred to in section 120	No
All quarterly reports tabled in the council in terms of section 52 (d)	Yes

Currently all the information required is and as it becomes available placed on the website for public attention. The relevant staff were exposed to various training initiatives which are intended to continue to improve compliance.

2.11 Statutory Annual Report Process

No.	Activity	Time frame	Status
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July	Done
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).		Done
3	Finalise the 4th quarter Report for previous financial year		Done
4	Submit Annual Performance Report to Internal Audit and Auditor-General		Done
5	Submit draft 2016/17 FY Annual Report to Internal Audit and Auditor-General		Done
6	Municipal entities submit draft annual reports to MM		Done
7	Audit / Performance committee considers draft Annual Report of municipality and entities (where relevant)	August	Done
8	Mayor tables the unaudited Annual Report		Done
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General		Done
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase		Done
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October	Done
12	Municipalities receive and start to address the Auditor General's comments	November	Done
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report		To be done
14	Audited Annual Report is made public and representation is invited		To be done
15	Oversight Committee assesses Annual Report		To be done
16	Council adopts Oversight report	February	To be done
17	Oversight report is made public		To be done
18	Oversight report is submitted to relevant provincial councils		To be done
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	February	To be done

It is of critical importance to meet all these timeframes in the process of preparing the Annual Report nearer the end of the financial year. This assists in ensuring that the required range of data and information is provided for the next budget process from the outset. The District has fully complied with all the above actions and timeframes. This reflects the commitment of the District to good governance and clean administration.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE REPORT

3.1 Service delivery summary

	2016/17 FY	2015/16 FY	2014/15 FY	2013/14 FY
Water				
Blue Drop Score	n/a	n/a	n/a	74.69
Is the municipality responsible to provide?	Yes	Yes	Yes	Yes
Does the municipality have infrastructure to provide?	Yes	Yes	Yes	Yes
Does the municipality actually provide?	Yes	Yes	Yes	No
Is the service outsourced/ commercialised?	No	No	No	No
Number of households provided with potable water service	0	5934		0
Number of domestic households		73 257	73 088	70 182
Inside the yard		41 774	41 678	41 297
Less than 200m from yard		31 483	31 410	18 745
More than 200m from yard		0	0	10 140
Domestic households with access to free basic service		14 176	11 178	0
Sewerage and Sanitation				
Green Drop Score		n/a	n/a	n/a
Is the municipality responsible to provide?		Yes	Yes	Yes
Does the municipality have infrastructure to provide?		Yes	Yes	Yes
Does the municipality actually provide?		Yes	Yes	Yes
Is the service outsourced/commercialised?		No	No	No
Number of households provided with sanitation service	6190	6334	6454	
Number of households using				
Flush toilet - public sewerage		23 699	23 523	23 009
Flush toilet - septic tank		2 914	2 906	2 880
Ventilated pit latrine		55 943	48 467	46 294
Bucket system		0	0	1 729
Other		0	0	0

Domestic households with access to free basic service		14 176	11 178	0
Grading of roads				
Number of roads graded (DRPW SLA)		No	No	No
Does the municipality have infrastructure to provide?		No	No	No
Does the municipality actually provide?		No	No	No
Is the service outsourced/commercialised?		No	No	No
Number of households and non-domestic customers to which provided		0	0	0
Domestic households with access to free basic service		0	0	0

3.2 PERFORMANCE ON PRE-DETERMINED PERFORMANCE OBJECTIVES

2.1 KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE PROVISION

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapshots	Variance	Corrective Action	Directorate
				2015/16 (Target)	2015/16 (Actual)	2016/17 FY (Target)	2016/17 FY (Actual)				
Provide universal access to basic services	SD01: Maintain and rehabilitate all water and sanitation infrastructure	SD01-01	% compliance with SANS 241 for drinking water quality	97%	93.4%	97%	95.18%		Old Infrastructure resulted in compromised water quality in certain parts of the district. After effects were experienced from severe drought of prior year which contributed to poor water quality	Refurbishment of certain water treatment works. Mooi River WTW in Maclear is planned for refurbishment in the current year.	WSP
		SD01-02	Number of Blue Drops achieved	2	0	2	0		DWS did not issue blue drop assessment for the year	This depends on DWS issuing the results	WSP
		SD01-03	WSDP reviewed and approved by Council	2015/16 WSDP reviewed and approved by Council	2016/17 WSDP approved by Mayco in June	2017/18 WSDP reviewed and approved by Council	2017/18 WSDP reviewed and approved by Council		None	None	Community Services
	SD02: Provide fire, emergency and rescue services	SD02-01	Ratio of fire incidents responded to as a proportion of entries in the Occurrence Book	01:01	01:01	01:01	01:01		None	None	Community Services
	SD03: Expand and fast-track the provision of universal access to water and	SD03-01	% of households earning less than R1100 per month with access to free basic services (water and sanitation)	100% of registered households (indigent)	100% of registered households (indigent)	100% of registered households (indigent)	100% of registered households (indigent)		None	None	Finance

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapsho	Variance	Corrective Action	Directorate
				2015/16 (Target)	2015/16 (Actual)	2016/17 FY (Target)	2016/17 FY (Actual)				
	sanitation	SD03-02	% of households with access to basic level of water	77%	83%*	82%	0%	👍	Capital projects focused on refurbishment and improvements to existing service availability and quality and no new households connected	Review the target for the next year in line with the approved Capital Infrastructure plan	Community Services
		SD03-03	% of households with access to a basic level of sanitation	89%	90%	95%	94%	👍	Not all "happy letters" by residents for VIP toilets were signed in the year under review despite completion certificates being issued	"Happy letters" to accompany the completion certificates	Community Services
	SD04: Provide and improve the quality of municipal health services	SD04-01	1 monthly inspections per quarter on each of urban waste site	12 inspections per site	10 waste sites inspected 12 times, 2 waste inspected 11 times, 1 waste site inspected 10 times	12 inspections of 13 waste sites	12 inspections of 13 waste sites	👍	None	None	Community Services
		SD04-02	Number of quarterly inspections on food premises	204	229	4 Inspection in each formal food premises in 210 premises	27 premises inspected 4 times 162 premises inspected 3 times 31 premises inspected 2 times 21 premises inspected 1 time (Total 241)	👍	Additional premises were added due to new DoH criteria for inspection of food premises inspections. Some premises closed during the year. Some required more than 1 inspection per quarter.	New premises continue to be added and others continue to be removed if closed.	Community Services

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapsho	Variance	Corrective Action	Directorate
				2015/16 (Target)	2015/16 (Actual)	2016/17 FY (Target)	2016/17 FY (Actual)				
	SD05: Support rehabilitation of all road networks throughout the District	SD05-01	Number of kilometres of gravel roads graded per quarter as per the DRPW SLA	2800	3321km	2800 km	2429		This non-achievement of the target can be contributed to the instruction from DRPW to stop work during Jan and Feb 2017.	None. JGDM will continue to adhere to instructions from the DRPW.	Technical Services
Facilitate environmental management and conservation	SD06: Implement working for water and working for wetlands	SD06-01	% of budget spent of 2016/17 National Financial Year allocation on implementation of Working for Wetland rehabilitation programme	100%	67.59%	100%	100%		None.	None	Community Services
		SD06-02	% of budget spent of the National FY allocation of alien plants eradication programme (working for water)	100%	35.6%	100%	99.69%		None	None	Community Services

* Restated target from prior year

2.2 KPA 2: LOCAL ECONOMIC DEVELOPMENT

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapshot	Variance	Corrective action	Directorate
				2015/16 (target)	2015/16 (actual)	2016/17 FY (target)	2016/17 FY (actual)				
Facilitate and implement job creation and poverty alleviation initiatives	LED01: Implement projects and programmes through labour intensive methods	LED01-01	Number of jobs created through municipality's local economic development initiatives including capital projects	2000	2 380	2 000 job opportunities created (capital projects)	888		Not all EPWP jobs created were recorded on the DPW system	JGDM record keeping to improve to ensure all EPWP workers are able to be recorded on the DPW system	Technical Services
				375	2 494	1256 job opportunities created (Working for Water and Working for Wetlands)	1 228		Not all the promised budget was received as DEA only signed agreement in second quarter	JGDM engaged DEA to improve timing of allocation	Community Services
	LED02: Support and facilitate rural development and poverty alleviation programmes	LED02-01	Number of reports on the implementation of Agri-park programme	New Indicator	New Indicator	4 Reports	4 Reports		None	None	OMM
	LED03: Facilitate and actively participate in youth development programmes	LED03-01	Number of funding applications submitted to potential funders to support SMMEs and Cooperatives	New Indicator	New Indicator	4 funding applications submitted to potential funders	5 funding applications submitted to potential funders		Additional application was submitted due to high demand	None	OMM

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current Period		Snapshot	Variance	Corrective action	Directorate
				2015/16 (target)	2015/16 (actual)	2016/17 FY (target)	2016/17 FY (actual)				
Facilitate and support regional economic development initiatives	LED04: Identify, support and implement economic development flagship and anchor projects	LED04-01	JoGEDA: Number of investors secured to operate the Aliwal Spa	New Indicator	New Indicator	1 Investor secured to operate the Aliwal Spa	Not Achieved	👎	Walter Sisulu LM has not approved the notarial lease requested by JoGEDA in order to facilitate the project.	JGDM to facilitate the process of WSLM to approve their land alienation in the form of a Council resolution. The target has also been carried to the next financial year.	OMM
		LED04-02	JoGEDA: Number of business plans on Elundini Middle Income Housing submitted to potential funders	1 business plan submitted to potential funders	Not achieved	1 business plan submitted to potential funders	Not achieved	👎	JoGEDA could not leverage technical support to develop the technical assessment due to non-response from potential partner.	JoGEDA will continue to facilitate this KPI. The target has been planned for 2017/18 FY in JoGEDA APP.	OMM
		LED04-03	Annual review of LED Strategy adopted by Council	LED Strategy approved by Council	LED Strategy reviewed and adopted by Council	LED Strategy approved by Council	LED Strategy was approved by Council	👍	None	None	OMM
		LED04-04	Long term investment strategy developed and adopted by Council	New	New	Long term investment strategy developed and approved by Council	Not achieved	👎	The long term Investment Strategy was not achieved due to a lack of funding	JoGEDA will continue to facilitate this KPI. The target has been planned for 2017/18 FY	OMM

2.3 KPA 3: FINANCIAL VIABILITY AND MANAGEMENT

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current period		Snapshot	Variance	Corrective action	Directorate
				2015/16 (target)	2015/16 (actual)	2016/17 FY (target)	2016/17 FY (actual)				
Ensure effective financial management and reporting	FM01: Comply with all statutory financial reporting and management	FM01-01	% of a municipality's capital budget actually spent on capital projects identified for 2016/17 financial year in terms of the municipality's IDP	100%	100%	100%	84%		Spending on drought projects was lower than budgeted for	Close monitoring of progress and monthly progress meetings	Technical Services*
		FM01-02	Cost coverage ratio	2.02	1.08	2.02	15		The cost coverage is good however collections on earnings is low.	Pre paid meter installation underway to control consumption monies upfront and a tool to collect arrears	Finance
		FM01-03	% of budget actually spent on implementing workplace skills plan	100%	94%	100%	100%		None	None	Corporate Services
		FM01-04	% of operational budget spent on repairs and maintenance	100% (of 2% allocation)	63% (of 2% allocation)	100% of budget allocated for repairs and maintenance	67%		Savings and Cash flow challenges. Salary cost included under employee related cost	Improvement in cash availability will improve expenditure	Technical Services
	FM02: Improve financial administrative capacity of the District	FM02-01	Debt coverage ratio	2.03	1.74	2.03	14		Income is very high and long term is low. Collection is however low on the income	None	Finance

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		Current period		Snapshot	Variance	Corrective action	Directorate
				2015/16 (target)	2015/16 (actual)	2016/17 FY (target)	2016/17 FY (actual)				
		FM02-02	Outstanding service debtors to revenue ratio	1.8	2.35	1.8	3.85		The collection on outstanding debt is very low and therefore the collection on the outstanding service debtors is also poor	Prepaid meter installation in the new year will improve this percentage drastically	Finance
		FM02-03	% improvement in revenue collection	New Indicator	New indicator	6%	6%		None	Pre paid installations in the new year will improve this % drastically	Finance
		FM02-04	Annual Financial statements developed by August	Annual Financial Statements developed by August	Annual Financial Statements developed by August	Annual Financial statements developed by August	Annual financial statements developed internally by August		None	None	Finance
		FM02-05	% of operational budget actually spent	100%	97%	100%	86.5%		Savings and Cash flow challenges	Improvement in cash availability will improve expenditure	Finance
		FM02-06	% spent on conditional grants	100% (MIG)	100% (MIG)	100%	100% (MIG)		None	None	Technical
	FM03: Implement anti-fraud and anti-corruption measures	FM03-01	No. of SCM quarterly reports submitted to the Council	New Indicator	New Indicator	4 reports	3 reports		Fourth quarter (Annual Report) not yet submitted to Council due to finalisation of reports relating to Annual Financial Statements	Fourth quarter Report will be tabled before Council in September 2017	Finance

2.4 KPA 4 INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Baseline info		CURRENT PERIOD		Snapshot	Variance	Corrective Action	DIRECTORATE
				2015/16 (target)	2015/16 (actual)	2016/17 FY (target)	2016/17 FY (actual)				
improve human capacity Improve human resource capacity	ID01: Effectively empower and develop the Council's workforce	ID01-01	Number of people from employment equity target groups employed in the three highest levels of management in compliance with EEP	5	9	2	10		10 appointments due to vacancies	None	Corporate Services
		ID01-02	Number of Councillors training initiatives undertaken	New indicators	New Indicator	3	5		1. training initiative undertaken due to busy schedule of Councillors 2. Additional training initiatives for councillors were as a result of SALGA & LGSETA funding and initiatives	. None	Corporate Services
		ID01-03	Number of internships, work integrated learning & learnerships created	53	66	53	70		Demand was submitted from Internal Audit and Water Service section	Departments will be encouraged to make their requests at the planning stage	Corporate Services
Improve human resource capacity	ID04: Maintain good working conditions for staff and ensure continued existence of labour related structures	ID04-01	Number of LLF meetings held	12 meetings	5 meetings	4 meetings	4 meetings		None	None	Corporate Services

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Baseline info		CURRENT PERIOD		Snapshot	Variance	Corrective Action	DIRECTORATE
				2015/16 (target)	2015/16 (actual)	2016/17 FY (target)	2016/17 FY (actual)				
	ID05: Implement shared services within the District focusing on performance management, internal audit, risk, communications , IT,IDP and finance	ID05-01	Conduct IT environmental assessment	New indicator	New Indicator	Conduct IT environmental conducted	IT environmental assessment conducted		None	None	OMM

2.5 KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Directorate
				2015/16 FY (target)	2015/16 FY (actual)	2016/17 FY (target)	2016/17 FY (actual)				
Facilitate intergovernmental cooperation	GG01: Promote intergovernmental cooperation initiative	GG01-01	Number of DIMAFO meetings held	4 meetings	Not Achieved	2 meetings	2 meetings		None	None	OMM
Facilitate community participation in the affairs of the municipality	GG02: Regular and effective communications with communities	GG02-01	Number of Council meetings held	9 meetings	9 meetings	9 meetings	11 meetings		items that had to be brought		
		GG02-02	Conduct Community satisfaction survey	Community Survey conducted	Community Survey was conducted	Community Satisfaction Survey conducted	Community Satisfaction Survey conducted			None	OMM
		GG02-03	Number of Mayoral outreach programs held in each Local Municipality	New indicator	New indicator	1 Mayoral outreach program held in each Local Municipality	1 Mayoral outreach program held in each Local Municipality			None	OMM

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Directorate
				2015/16 FY (target)	2015/16 FY (actual)	2016/17 FY (target)	2016/17 FY (actual)				
	GG03: Work closely with traditional leadership structures in the implementation of rural development programmes	GG03-01	Number of traditional leaders forum meetings held	4 meetings	4 meetings	4 meetings	3 meetings		1 meeting was postponed due to a lack of quorum due to initiation programs and lined-up programmes of the youth month	The forum will continue to meet quarterly	OMM
Ensure integrated planning and performance management	GG04: Establish and support municipal oversight systems, mechanisms and processes	GG04-01	Number of Joe Gqabi Municipal Public Accounts Committee (MPAC) meetings held	4 meetings	4 meetings	4 meetings	4 meetings		None	None	OMM
		GG04-02	2015/16 FY Annual Report approved by Council	2014/15 FY Annual Report approved by Council	2014/15 FY Annual Report approved by Council	2015/16 FY Annual Report approved by Council	2015/16 FY Annual Report approved by Council		None	None	OMM
		GG04-03	2017/18 MTRF Budget approved by Council	2016/17 MTRF Budget approved by Council	2016/17 MTRF Budget approved by Council	2017/18 MTRF Budget approved by Council	2017/18 MTRF Budget approved by Council		None	None	Finance
		GG04-04	2017/18 FY IDP approved by Council	2016/17 final reviewed IDP approved by Council	2016/17 final reviewed IDP approved by Council	2017/18 IDP reviewed and approved by council	2017/18 IDP reviewed and approved by council		None	None	OMM

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Directorate
				2015/16 FY (target)	2015/16 FY (actual)	2016/17 FY (target)	2016/17 FY (actual)				
		GG04-05	Number of signed performance agreements for Directors and Managers directly reporting to the Municipal Manager including the Municipal Manager	5	5	7	7		None	None	OMM
		GG04-06	Number of Audit and Performance Committee meetings held	6 meetings	6 meetings	5 meetings	5 meetings		None	None	OMM
		GG04-07	Number of institutional quarterly performance reports tabled before Council per quarter	4	4	4 quarterly institutional performance reports tabled before Council	4 quarterly institutional performance reports tabled before Council		None	None	OMM
		GG04-08	Maintain clean audit outcomes	Clean audit	2014/15 FY Clean Audit Achieved	2015/16 FY Clean Audit Achieved	2015/16 FY Clean Audit Achieved		None	None	All Directors
		GG04-09	Number of Institutional Risk Assessment conducted	New indicator	New Indicator	1 Institutional Risk Assessment conducted	1 Institutional Risk Assessment conducted		None	None	OMM

STRATEGIC OBJECTIVE	PROGRAMME	KPI NUMBER	KEY PERFORMANCE INDICATOR	Past performance		CURRENT PERIOD		Snapshot	Variance	Corrective Action	Directorate
				2015/16 FY (target)	2015/16 FY (actual)	2016/17 FY (target)	2016/17 FY (actual)				
Facilitate the development of a healthy and inclusive society	GG05: Facilitate Implementation of programmes supporting the special groups (SPU)	GG05-01	Annual District Mayoral Cup held	Annual District Mayoral Cup held	Annual District Mayoral Cup held	Annual District Mayoral Cup held	Not Achieved		Mayoral Cup occurs annually in June. Due to the Provincial Youth Month celebration taking place in JGDM, funds were redirection to support the provincial programme.	The Mayoral Cup will be held in September 2017	OMM
		GG05-02	Development of Concept document towards sustaining Sondela Youth Art Festival	New Indicator	New Indicator	Development of Concept document towards sustaining Sondela Youth Art Festival	Development of Concept document towards sustaining Sondela Youth Art Festival		None	None	OMM

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3.3 Capital projects performance





Project Name	Description	Budgets ('000)	Funding Source	Location (Ward/ Local Municipality)	Implementing Department	Start Date	Completion Date	Progress	Comments
Replacement of Water Mains in La Rochelle Street Burgersdorp	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Burgersdorp in order to mitigate the seasonal drought conditions being experienced in the town.	R9,670 948.09	NT	Walter Sisulu LM	PMU	11-Mar-16	Planned: 01-Nov-2016 Actual Completion date 16th October 2016	Practical Completion reached on 4 October 2016. Final Completion reached on 16 October 2016.	Project is in 1 year defects liability phase.
Refurbishment of Chippinns Klip Dam No_2	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Burgersdorp in order to mitigate the seasonal drought conditions being experienced in the town.	R5,801 819.10	NT	Walter Sisulu LM	PMU	31-Mar-16	Planned: 21-Nov-2016	Practical Completion was reached on 21 November 2016.	Work is complete and contractor is off site. Project is in 1 year defects liability phase
Replacement of Water Mains in Queenstown Road Burgersdorp	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Burgersdorp in order to mitigate the seasonal drought conditions being experienced in the town.	R7,616 844.52	NT	Walter Sisulu LM	PMU	11-Mar-16	Planned: 29-Nov-16 Extension of time was granted to contractor.	Practical Completion was reached on 16 May 2017.	The project is practically complete. Project is in 1 year defects liability phase.
Geohydrological Investigation Burgersdorp	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Burgersdorp in order to mitigate the seasonal drought conditions being experienced in the town.	R1,113 952.45	NT	Walter Sisulu LM	PMU	18-Nov-15	Planned: 09-Oct-16 Actual: 26 October 2016	Project reached final completion on 26 October 2016.	Awarded on 18 Nov 2015. Final report has been submitted to JGDM, and Boreholes have been drilled in Burgersdorp and Steynsburg as a result Borehole Supply project has been awarded. Contractor is on site.

= Target achieved and or exceeded (> 90). = target not achieved (< 74). = information not yet available. = significant progress (75 - 90%) has been achieved N/A = No target was set for the quarter in the approved SDBIP * - target and or indicator refined and aligned

Project Name	Description	Budget s ('000)	Funding Source	Location (Ward/ Local Municipality)	Implementing Department	Start Date	Completion Date	Progress	Comments
Lady Grey Boreholes and Additional Storage	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Lady Grey in order to mitigate the seasonal drought conditions being experienced in the town.	R19,918,056.85	NT	Senqu LM	PMU	01-Apr-16	Planned: 09-Dec-16 In Progress (Contractor behind programme - Pending Engineers ruling on Extension of Time Claim)	Project is under construction. Project delayed due to negotiation process with initial preferred contractor, cash flow problems of contractor and delays in material supplies to site.	UWP Consulting was appointed for Design and Construct UWP appointed Nebavest 46 as sub-contractors to complete the construction-portion of the work. UWP has terminated Nebavest's contract due to non-performance. UWP appointed Civil2000 to complete the three reservoirs and related infrastructure. Extension of Time Claim has been submitted to JGDM for Approval
Lady Grey Boreholes and Additional Storage Phase 2	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Lady Grey in order to mitigate the seasonal drought conditions being experienced in the town.	R,40,000,000.00	NT	Senqu LM	PMU	01-Nov-16	Planned: 10 October 2018.	The contract has been awarded to the contractors and the contractor is on site, the inception meeting was held on Tuesday, 04th April 2017.	The contractor has established the site and has commenced with platform excavations for Kwezi-Naledi reservoir.
The Upgrading of Eastern Outfall, Sewer from the Aliwal Spa to the Nursery Pump Station	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R18,470,127.40	NT	Walter Sisulu LM	PMU	01-Apr-16	Planned completion 17 February 2017 Revised completion date is 1st August 2017 due to extension of time granted because of hard rock excavations and inclement weather.	Project under construction and is at 87% Evidence for %	The contractor is progressing well.

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Project Name	Description	Budget s ('000)	Funding Source	Location (Ward/ Local Municipality)	Implementing Department	Start Date	Completion Date	Progress	Comments
Reconstruction of the Nursery Pump Station	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R4, 397, 000.00	NT	Walter Sisulu LM	PMU	22-Dec-15	Planned: 07-Jun-16 Actual: 31 Oct 2016	Project is complete. Practical completion was done in October 2016.	Construction progress is at 100%. Additional emergency work was given to the contractor resulted in extension of time for completion. Project is in one year defects liability phase.
Rehabilitation of the Pumping and Gravity Main Between the Nursery Pump Station and the Phola Park Pump Station	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R4,767, 581.35	NT	Walter Sisulu LM	PMU	01-Apr-16	Planned: 06-October 2016 Actual: 06 October 2016	Project is complete.	Project in one year defects liability phase..
Rehabilitation of the Mechanical Plant at the WWTW and The Phola Park Pump Station	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R2, 924, 879.68	NT	Walter Sisulu LM	PMU	01-Apr-16	Planned: 08 August 2016 Revised completion date October 2016	Project is under construction, however poor performance of the contractor was experience which led to subcontracting of the Civil and Mechanical works.. Project still under construction. Penalties for late completion will apply.	Construction progress for new refurbishment at 98% and Mechanical work is at 79%, Civil work at 60%. The main contractor was given notice in terms of Clause 9.2 of General Condition of Contract. It has been recommended that the client terminate the contract. Both the civil and mechanical contracts have been sub-contracted to other sub-contractors to finish the project.

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Project Name	Description	Budgets ('000)	Funding Source	Location (Ward/ Local Municipality)	Implementing Department	Start Date	Completion Date	Progress	Comments
Reconstruction of the Pumping Main From PPPS To the Waste Water Treatment Works	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R3, 363, 046.17	NT	Walter Sisulu LM	PMU	01-Apr-16	Planned: 08 August 2016 Actual completion was 28 October 2016 due to variation order for additional work. Extension of time was granted.	Project under construction. Completed	Certificate of Completion has been issued. Project is in defects liability phase.

3.4 Performance of service providers

BID NUMBER	CONTRACT DESCRIPTION	DEPARTMENT	CONTRACT DURATION	START DATE	EXPIRY DATE	CONTRACT STATUS	CONTRACT EXTENDED?	COMMENTS
Single Source	Finance System Support Agreement	Finance	14 months	01/09/2014	2015/10/31	Active	N/A	Contract still running satisfactorily
Bid No: 52/2010	Gravity Main B	Technical Services	15 Months	23/02/2011	Revised 30/06/2015	Active	Yes	Partial practical complete and processes of handover planned. Contract under penalties for late completion.
Bid No: 55/2010	Tsekong village water reticulation	Technical Services	15 Months	26/01/2011	Revised 22/08/2014	Completed	Yes	Contract complete
Bid No: 57/2010	Upper and Lower Tokwana Water Reticulation	Technical Services	20 Months	26/01/2011	Revised 16/09/2015	Active	Yes	Partial practical completion, penalties have been applied for late completion.
Bid No: 88/2010	Khwezi-Naledi Sanitation	Technical Services	9 Months	03/05/2011	Revised 30/06/2015	Completed	Yes	Project complete
Bid No: 07/2011	Provision of Banking services	Finance	60 Months	13/09/2011	12/09/2016	Active	N/A	Contract still running satisfactorily
Bid No: 21/2011	Provision of Vacuum Tanking Services @ Venterstad	Technical Services	36 Months	01/09/2012	31/08/2015	Active	N/A	Contract still running satisfactorily
Bid No: 21/2011	Provision of Vacuum Tanking Services @ Mount Fletcher	Technical Services	36 Months	01/09/2012	31/08/2015	Active	N/A	Contract still running satisfactorily
Bid No: 21/2011	Provision of Vacuum Tanking Services @ Burgersdorp	Technical Services	36 Months	01/09/2012	31/08/2015	Active	N/A	Contract still running satisfactorily
Bid No: 21/2011	Provision of Vacuum Tanking Services @ Maclear	Technical Services	36 Months	01/09/2012	31/08/2015	Active	N/A	Contract still running satisfactorily
Bid No: 21/2011	Provision of Vacuum Tanking Services @ Jamestown	Technical Services	36 Months	01/09/2012	31/08/2015	Active	N/A	Contract still running satisfactorily
Bid No: 21/2011	Provision of Vacuum Tanking Services @ Steynsbrg	Technical Services	36 Months	01/09/2012	31/08/2015	Active	N/A	Contract still running satisfactorily
Bid No: 21/2011	Provision of Vacuum Tanking Services @ Sterkspruit	Technical Services	36 Months	01/09/2012	31/08/2015	Active	N/A	Contract still running satisfactorily

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BID NUMBER	CONTRACT DESCRIPTION	DEPARTMENT	CONTRACT DURATION	START DATE	EXPIRY DATE	CONTRACT STATUS	CONTRACT EXTENDED?	COMMENTS
Bid No: 22/2011	Provision of Municipal Insurance	Asset and Risk	36 Months	01/09/2012	2016/07/31	Active	N/A	Contract still running satisfactorily. The end-user has included some items and thus increased the premium.
SCMU10/11-0200	Roads Assets Management Systems	Technical Services	36 Months	2012/03/01	2016/06/30	Active	Yes	Contract still running satisfactorily
JGDM2012/13-Q006	Provision of TCP/IP Network Links	IT	12 Months	2012/09/01	2017/06/30	Active	Yes	Contract still running satisfactorily.
Single Source	Provision of Security Services	Corporate Services	3 Months	01/09/2010	2015/08/31	Active	Yes	Contract still running satisfactorily.
Single Source	Loading of Franking Machine (Postage stamps)	Corporate Services	24 Months	01/08/2000	automatic ext	Active	N/A	Contract still running satisfactorily
Single Source	Payroll Administrator	Finance	24 Months	01/08/2011	2018/06/30	Active	Yes	Contract still running satisfactorily
Single Source	Telephone System	IT	12 Months	2002/03/20	2015/09/30	Active	Yes	Contract still running satisfactorily
Single Source	Hardware and Software	IT	12 Months	20/03/2009	2015/09/30	Active	Yes	Contract still running satisfactorily
Single Source	Provision of personal dial up services (Analogue dial-up Unshaped ADSL)	IT		29/07/2008	To date	Active	Yes	Contract has since expired and the end-user is to go out and test the market. The intention is that by end of November 2014 a new tender should have been awarded.





BID NUMBER	CONTRACT DESCRIPTION	DEPARTMENT	CONTRACT DURATION	START DATE	EXPIRY DATE	CONTRACT STATUS	CONTRACT EXTENDED?	COMMENTS
Single Source	Fixed (Infrastructure) Asset Register Update and Asset Management Support	Technical Services	29 Months	01/07/2012	2015/11/30	Active	Yes	Contract still running satisfactorily
JGDM2012/13-002	Provision of Internal Audit Services including Information Technology and Forensic Audit expertise.	Internal Audit	36 Months	2013/01/20	2016/01/19	Active	N/A	Service still running satisfactorily.
JGDM2012/13-Q010	Provision of cell phone contract for five (5) Traditional Leaders over a two (2) year period	MM's Office	24 Months	2013/05/01	2016/04/30	Active	Yes	Service still running satisfactorily.
Single Source	Implementation of the Rural Water and Sanitation Programme (RWSP).	Technical Services	60 Months	01/03/2011	2016/07/31	Active	N/A	Contract still running satisfactorily.
JGDM2012/13-006	Supply and Delivery of Printed T-Shirts.	Community Services	36 Months	01/05/2013	31/04/2016	Active	N/A	No order has been placed yet.
JGDM2012/13-016	Supply and Delivery of Herbicides.	Community Services	36 Months	01/07/2013	31/06/2016	Active	N/A	Service still running satisfactorily.
JGDM2012/13-017	Supply and Delivery of Sand, Stone and Gabion rock	Community Services	36 Months	01/07/2013	31/06/2016	Active	N/A	Service still running satisfactorily.
JGDM2012/13-Q043	Review of JGDM's Water and Sanitation By-Laws.	Community Services	5 Months	01/08/2013	2014/06/30	Complete	N/A	Project completed
JGDM2012/13-Q032	Provision of Legal Service Support.	Corporate Services	24 Months	2013/08/01	2015/09/30	Active	Yes	Service still running satisfactorily.
JGDM2012/13-025	Supply and Delivery of Matresses, Gabions, Geo-Textile, Membrane, Geo-Mats, Bio-Mats and Multi-Cells	Community Services	36 Months	2013/11/01	2016/10/31	Active	N/A	Service was done satisfactorily.
JGDM2013/14-002	Appointment of a service provider to offer Financial Service support to Joe Gqabi DM	JoGEDA	36 Months	2014/05/01	2017/04/30	Active	N/A	Service was done satisfactorily.
JGDM2013/14-005	Supply and delivery of Protective Clothing and	Corporate Services	36 Months	2014/09/01	2017/07/31	Active	N/A	Service was done satisfactorily.

BID NUMBER	CONTRACT DESCRIPTION	DEPARTMENT	CONTRACT DURATION	START DATE	EXPIRY DATE	CONTRACT STATUS	CONTRACT EXTENDED?	COMMENTS
	Equipment							
JGDM2013/14-014	Bulk Water Services for Maclear 250	Technical Services	5 Months	2014/02/01	2015/09/17	Active	Yes	The project was delayed due to an application for change of Scope which was approved by Council on 17 December 2014. The progress has been poor since the SP was back on site after the delay. A project status report was submitted to Contract Management on the 27 July 2015 for initiation of processes for termination of the contract.
JGDM2013/14-016 (Phase 1)	Commissioning and connection of Toilets to Sewer Outfall Pipes – Steynsburg.	Technical Services	6 Months	2014/02/11	2015/03/31	Complete	Yes	Project completed
JGDM2013/14-016 (Phase 2)	Commissioning and connection of Toilets to Sewer Outfall Pipes – Steynsburg.	Technical Services	6 Months	2014/02/11	2015/03/31	Complete	Yes	Project completed
JGDM2013/14-016 (Phase 3)	Commissioning and connection of Toilets to Sewer Outfall Pipes – Steynsburg.	Technical Services	6 Months	2014/02/11	2015/03/31	Complete	Yes	Project completed
JGDM2013/14-016 (Phase 4)	Commissioning and connection of Toilets to Sewer Outfall Pipes – Steynsburg.	Technical Services	6 Months	2014/02/11	2015/03/31	Complete	Yes	Project completed
JGDM2013/14-017	Provision of Travel Agency	Finance (SCM)	24 Months	2014/03/06	31/04/2016	Active	N/A	Service still running satisfactorily.
JGDM2013/14-018	Appointment of professional service provider for Sterkspruit Regional Waste Water Treatment Plant and associated Bulk Infrastructure.	Technical Services	48 Months	2014/07/23	2018/06/23	Active	N/A	Service still running satisfactorily.

BID NUMBER	CONTRACT DESCRIPTION	DEPARTMENT	CONTRACT DURATION	START DATE	EXPIRY DATE	CONTRACT STATUS	CONTRACT EXTENDED?	COMMENTS
JGDM2013/14-Q004	Review of Spatial Development Framework	MM's Office	6 Months	2014/04/01	2015/11/30	Active	Yes	Service still running satisfactorily.
JGDM2013/14-Q008	Supply and delivery of Fencing material	Community Services	12 Months	2014/02/01	2015/01/31	Complete	N/A	Project completed
JGDM2013/14-Q012	Appointment of a service provider to offer company secretariat and legal service support	JoGEDA	24 Months	2013/10/01	2015/09/30	Active	N/A	Service still running satisfactorily.
JGDM2013/14-Q026	LED Strategy Review	MM's Office	3 Months	2014/05/22	2015/06/30	Active	Yes	Service still running satisfactorily.
JGDM2013/14-Q071	Supply, Delivery and Maintenance of Health and Safety Equipments	Corporate Services	36 Months	2014/06/01	2017/05/31	Active	N/A	Service still running satisfactorily.
JGDM2013/14-Q027	S78 Assessment- Fire Services	Community Services	6 Months	2014/04/01	2015/06/30	Complete	N/A	Project completed
JGDM2014/15-004	Supply and Delivery of Tyres, Tubes and Flaps	Technical Services	3 Years	2014/12/11	2017/12/11	Active	N/A	Service still running satisfactorily.
JGDM2014/15-008	Review of Water Service Development Plan for JGDM	Community Services	3 Years	2015/01/01	2018/12/21	Active	N/A	Service still running satisfactorily.
JGDM2014/15-Q002	Supply and Delivery of Cutting Edge Grader Blades and Plough Bolds & Nuts	Technical Services	2 Years	2015/01/01	2017/12/31	Active	N/A	Service still running satisfactorily.
JGDM2014/15-Q008	Supply and Delivery of Consumables and Cleaning Material	Corporate Services	1 Year	2014/12/01	31/11/2015	Active	N/A	Contract on hold, due to non- performance
JGDM2014/15-015	Provision of Vacuum Tanking Services @ Ugie	Technical Services	8 Months	2015/04/13	2015/12/12	Active	N/A	Service running satisfactorily.
JGDM2013/14-007	Provision of Professional Services for Design and Construction Supervision of Maclear Bulk Sanitation Infrastructure Upgrade- Phase 4	Technical Services	18 Months	2015/05/01	2016/12/30	Active	N/A	Service running satisfactorily.
JGDM2013/14-008	Provision of professional services for the design and construction supervision of Maclear water treatment and distribution upgrade	Technical Services	3 Years	2015/05/01	2018/04/30	Active	N/A	No order has been placed yet.

BID NUMBER	CONTRACT DESCRIPTION	DEPARTMENT	CONTRACT DURATION	START DATE	EXPIRY DATE	CONTRACT STATUS	CONTRACT EXTENDED?	COMMENTS
JGDM2013/14-006	Construction of Bulk Sanitation Infrastructure Upgrade for Maclear: Upgrading of Waste Water Treatment Works Phase 3	Technical Services	15 Months	2015/05/01	2016/08/31	Active	N/A	No payment made yet
JGDM2014/15-001	Construction of Jamestown Budget Eradication and Sanitation Project Phase 2 Stage 2 (Pump Station)	Technical Services	1 Year	2015/05/01	2016/04/30	Active	N/A	No order has been placed yet.
JGDM2014/15-007	Supply and Delivery of Office Stationery	Finance Department	3 Years	2015/04/02	2018/03/01	Active	N/A	Service still running satisfactorily.
JGDM2014/15-009	Jamestown Bucket Eradication Phase 2: Stage 2, Pipeline Sewer	Technical Services	1 Year	2015/05/01	2016/04/30	Active	N/A	Service still running satisfactorily.
JGDM2014/15-003	Provision of Security Services	Corporate Services	3 Years	2015/07/01	2018/06/30	Active	N/A	No order has been placed yet.
JGDM2014/15-Q012	Supply and Delivery of Carbon Asphalt Cold Mix	Technical Services	1 Year	2015/04/08	2016/03/31	Active	N/A	No order has been placed yet.
JGDM2014/15-Q033	Appointment of a service provider to offer Online Legislation to JGDM	Corporate Services	3 Years	2015/03/01	2018/02/28	Active	N/A	Service still running satisfactorily.
JGDM2013/14-Q034	Provision of employment checks	Corporate Services	3 Years	2014/12/01	31/11/2017	Active	N/A	Service still running satisfactorily.
JGDM2014/15-Q035	Supply and Delivery of barriers	Technical Services	3 Years	2015/06/01	2018/04/30	Active	N/A	No order has been placed yet.
JGDM2014/15-020	Provision of Security Services -	Corporate Services	3 Years	2015/10/01	2018/09/30			
JGDM2014/15-020	Provision of Security Services -	Corporate Services	3 Years	2015/10/01	2018/09/30			
JGDM2014/15-020	Provision of Security Services -	Corporate Services	3 Years	2015/10/01	2018/09/30			
JGDM2014/15-004	Appointment letter of a service provider to offer Certificate in Municipal Finance Management Learnership programme	Corporate Services	1 Year	2015/10/01	31/09/2016	Active	N/A	No order has been placed yet.
JGDM2014/15-021	Appointment of a Service Provider to offer Legal Service	Corporate Services	3 Years	2015/10/01	31/09/2018	Active	N/A	No order has been placed yet.

BID NUMBER	CONTRACT DESCRIPTION	DEPARTMENT	CONTRACT DURATION	START DATE	EXPIRY DATE	CONTRACT STATUS	CONTRACT EXTENDED?	COMMENTS
	Support to JGDM							
JGDM2015/16-001PT	Construction of an Emergency Nursery Pump Station and Associated work	Technical Services	6 Months	2015/10/09	2016/04/30	Active	N/A	No order has been placed yet.
LEASE AGREEMENTS								
BID NUMBER	CONTRACT DESCRIPTION	DEPARTMENT	CONTRACT DURATION	COMMENC EMENT DATE	EXPIRY DATE	CONTRACT STATUS	CONTRACT EXTENDED?	COMMENTS
Single Source	Rental of Alarm Units and Monitoring System	Corporate Services	12 Months	2013/07/01	2016/01/31	Active	Yes	Contract still running satisfactorily
Single Source	Escalator Maintenance	Corporate Services	60 Months	01/06/2011	2016/05/31	Active	N/A	Contract still running satisfactorily
Single Source	Photocopy Leases	IT	60 Months	21/09/1998	20/09/2003	Expired	Yes	Contract expired
Single Source	Office Accommodation @ Christian Life Centre in Barky East	Corporate Services	24 Months	2012/04/01	2017/03/31	Active	Yes	Agreement still running satisfactorily.
Q35/2011	Office Accommodation in Ugie	Corporate Services	36 Months	2012/07/01	2017/03/31	Active	Yes	Agreement still running satisfactorily
Single Source	Senqu Local Municipality	Corporate Services	1 Year	2011/04/01	2015/06/30	Active	Yes	Agreement still running satisfactorily
Single Source	Agency Agreement: Revenue Management Services	Finance	12 Months	01/07/2013	2015/06/30	Active	Yes	Agreement still running satisfactorily
Single Source	Agency Agreement: Revenue Management Services	Finance	12 Months	01/07/2013	2015/06/30	Active	Yes	Agreement still running satisfactorily
Single Source	Rental of Photo copy machine for Working for Water unit	IT	60 Months	2013/05/01	31/04/2018	Active	N/A	Service still running satisfactorily.
Single Source	Internet Connection Rental	IT	6 Months	20/04/2009	2015/05/31	Active	Yes	Contract Expired
Single Source	Provision of Security Alarm Services.	JoGEDA	12 Months	01/07/2013	2017/06/30	Active	Yes	Service still running satisfactorily.

 = Target achieved and or exceeded (> 90%).
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 N/A = No target was set for the quarter in the approved SDBIP * - target and or indicator refined and aligned

BID NUMBER	CONTRACT DESCRIPTION	DEPARTMENT	CONTRACT DURATION	START DATE	EXPIRY DATE	CONTRACT STATUS	CONTRACT EXTENDED?	COMMENTS
Single Source	Supply, Installation and monitoring of the Altech Netstar tracking unit on Mayor's official vehicle.	Corporate Services	36 Months	01/07/2013	31/06/2016	Active	N/A	Unit already supplied and installed into the vehicle.
Bid No: 42/2010	Supply, delivery and maintenance of printers	IT	36 Months	01/07/2010	2016/06/30	Active	Yes	Contract still running satisfactorily
Single Source	Rental of Durans building in Aliwal north	Corporate Services	36 Months	2014/06/01	2017/05/31	Active	N/A	Contract still running satisfactorily

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3.5 Performance of JoGEDA



ANNUAL PERFORMANCE REPORT FOR PERIOD 01 JULY 2016 TO 30 JUNE 2017



KPI (No.)	STRATEGIC OBJECTIVE 1			TO ENHANCE ECONOMIC DEVELOPMENT AND INVESTMENT IN THE REGION.				STRATEGIC GOALS 1				SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GOABI DISTRICT		
	Snap shot Indicators			👍 1=Target achieved at 100%; 🤝 = Target partially achieved at 75% - 99%; 👎 = Target not achieved at less than 75%				👍 = Target On Hold 🏆 = Target removed						
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person		
				Planned (2015/16)	Actual (2015/16)	Planned (2016/17)	Actual (2016/17)							
1.1.1		Submission of funding proposal to different tourism development funders as per Business plan recommendations.		New Indicator	New Indicator	7 funding proposals to be submitted to government tourism funders	1 funding proposal was submitted to National Department of Tourism	Proof of Submission	👎	<p>1 The development agency made a submission to council of Walter Sisulu local Municipality for the project. The submission was an application to request a notarial lease for the Alwal Spa. 2 The purpose of this demand is request Council to grant the agency full developmental rights by notarial lease to commercialize the Alwal Spa utilizing Public-Private Partnership model as regulated by the national treasury.</p> <p>2 The application for funding to other institutions submitted the considered further until the submitted council item regarding the notarial lease has been approved by council. The council submission was an approach that was identified to work to ensure sustainability of the project. It is with this reason that the agency could not approach other funders as the project is not moving.</p>	<p>1 The development agency is following up regularly on the submission to Walter Sisulu Municipal Council.</p> <p>2 For the first quarter of 2017/18 the agency has aligned this KPI with the parent municipality to assist the agency to obtain council resolution for the notarial lease.</p> <p>3 Once the council resolution approving the submission is approved then the development Agency will be in a better position to engage both the private sector and government flexibly for funding opportunities in the tourism sector.</p>	Chief Executive Officer		
1.1.2	Alwal Spa	Secure an operator to operate the Alwal Spa	1 feasibility study and business plan completed in 2016	New Indicator	New Indicator	Operator secured for the Alwal Spa	0 Operator has been secured for the Alwal Spa	Agreement SIA	👎	<p>The Development Agency is waiting for council approval from Walter Sisulu Municipality to grant JoGEDA rights to develop the facility in the form of a notarial lease. 1 He will allow the Agency to be able to negotiate on behalf of the municipality a deal with the operator and to speed up processes in the best interest of the project.</p>	<p>This KPI has been included in the APP for 2017/18 the development agency will seek an operator once the approval of the council has been obtained through a council resolution.</p>	Analyst/Project Managers		
1.1.3		Conduct conditional infrastructure assessment to upturn management of the facility		New Indicator	New Indicator	1 Conditional infrastructure assessment was conducted	0 Conditional infrastructure assessment was conducted	Conditional Infrastructure assessment report		<p>This KPI was not submitted due to the reason that the council resolution has not been received by the agency. The development agency that was unable to proceed further with the project in terms of getting funding and to undertake the conditional assessment. This project will be done after the funding and infrastructure development.</p>	<p>The conditional assessment will be a stand alone KPI for the financial year 2017/18 but the agency will include as part of the documents that will need to be developed through an SIA with the approved operator.</p>	Analyst/Project Managers		

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KPI (No.)	STRATEGIC OBJECTIVES			TO ENHANCE ECONOMIC DEVELOPMENT AND INVESTMENT IN THE REGION.				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQABI DISTRICT		
	Snap shot Indicators			=Target achieved at 100%; = Target partially achieved at 75% - 99%; = Target not achieved at less than 75% = Target On Hold = Target removed								
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person
				Planned (2015/16)	Actual (2015/16)	Planned (2016/17)	Actual (2016/17)					
1.1.4	Elundini Middle Income Housing	To obtain alternative land suitable for the development of middle income housing.	Feasibility Stage Report and high level Report	New Indicator	New Indicator	1 Council Resolution obtained for the alternative land	1 Council Resolution obtained for the alternative land	Council Resolution		None	None	Analyst/ Project Managers
1.1.5		To do high level technical assessment.		New Indicator	New Indicator	1 High Level technical assessment conducted	0 High Level technical assessment was conducted	High Level Technical Assessment report		1. Upon on receipt of the council approval for the land (KPI 1.1.4), the agency engaged the Housing Development Agency (HDA) to leverage technical support for the project. This initiative was to ensure that a high level conditional assessment is conducted and then after proper terms of references (TOR) are developed for advert. 2. This initiative did not materialise. No clear communication was made to the agency by HDA as to why the agreement is not being undertaken as agreed in our meeting. 3. The agency then took a decision to implement the project internally due to limited funding. The bid document was then developed internally. Due to gaps identified as risks in technical specification or TOR in the bid document, the parent municipality advised that the agency should leverage technical support on the project. 4. The agency decided to leverage technical expertise for the purpose of project risk management by reviving relations with Housing Development Agency to be partner in developing the project further with the required technical resource.	The development agency will sign an implementation protocol with Housing Development Agency before the end of August 2017. The Implementation protocol agreement includes the facilitation of the high level assessment to be done as part of the project development plan as mentioned on KPI 1.1.4. This KPI is planned to be achieved in the financial year 2017/18.	Analyst/ Project Managers
1.1.6		Call for proposals from interested property developers.		New Indicator	New Indicator	1 Public Advert calling for proposals from prospective property developers	0 Public Advert calling for proposals from prospective property developers	Advert		Due to the challenge of leveraging the required technical support this K.P.I has been delayed tremendously. Therefore could not be implemented on time. The Agency has decided to implement the project internally and developed the tender document internally but encountered that the document required more technical reviewing before it can be advertised.	The development agency will sign an implementation protocol with Housing Development Agency. The Implementation protocol agreement includes the facilitation of calling prospective developers or contractors to tender on the project and it will be part of the project development plan. This KPI is aimed to be achieved in the second quarter of financial year 2017/18.	Analyst/ Project Managers
1.1.7		Launch property development project		New Indicator	New Indicator	Launch of the development project	No Launch of the development project was achieved.	Site Handover Minutes, Site Handover Certificate		The property development project could not be launched due to reason that advert is not published to prospective developers for expression of interest.	The development agency will appoint a developer or contractor on completion of K.P.I 1.1.6 it is aimed to be achieved in the third quarter of financial year 2017/18.	Analyst/ Project Managers

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KPI (No.)	STRATEGIC OBJECTIVES			TO ENHANCE ECONOMIC DEVELOPMENT AND INVESTMENT IN THE REGION.				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQABI DISTRICT			
	Snap shot Indicators			1=Target achieved at 100%; = Target partially achieved at 75% - 99%; = Target not achieved at less than 75% = Target On Hold = Target removed									
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person	
Planned (2015/16)				Actual (2015/16)	Planned (2016/17)	Actual (2016/17)							
1.1.8	Senqu Small Town Regeneration	To obtain alternative land suitable for Commercial development.	Feasibility study report completed in 2013	New Indicator	New Indicator	1 Council Resolution obtained for the alternative land	1 Council Resolution obtained for the alternative land	Council Resolution		None	None	Analyst/ Project Managers	
1.1.9		To do high level technical assessment.		New Indicator	New Indicator	1 High Level technical assessment conducted	0 High Level technical assessment was conducted	High Level Technical Assessment report		The development agency intended that this KPI will be implemented with an appointed developer an part budget was allocated on that basis . Due to delays in obtaining council resolution this process did not take off. The second reason is mainly based on the lessons learned from KPI 1.1.5 regarding the technicality of the bid document the agency is leveraging technical support to develop a watertight document. As a result to address the developmental idea for the erf earmarked for commercial development in Sterkspruit.	The development agency intends to appoint a developer in the second quarter of 2017/18 and in the appointment or agreement with the developer, the high technical assessment of the land will be conducted by the developer.		
1.1.10		Call for proposals from interested property developers.		New Indicator	New Indicator	1 Public Advert calling for proposals from prospective property developers	0 Public Advert calling for proposals from prospective property developers	Advert		A draft bid document is in place however the agency could not implement this K.P.I in time due to the reason that K.P.I 1.1.9.	The development agency will still have to call for proposals or expression of interest from developers for this project in the first quarter of 2017/18		
1.1.11		Launch property development project.		New Indicator	New Indicator	Launch of the development project	No Launch of the development project was achieved.	Site Handover Minutes, Site Handover Certificate		The property development project could not be launched due to reason that advert is not published to prospective developers for expression of interest. The procurement process has not yet been done. The agency could not implement this K.P.I in time due to the reason that K.P.I 1.1.10	The development agency will appoint a developer or contractor on completion of K.P.I 1.1.10 these are line items and it is aimed to be achieved in third quarter of financial year 2017/18.		

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KPI (No.)	STRATEGIC OBJECTIVES			TO ENHANCE ECONOMIC DEVELOPMENT AND INVESTMENT IN THE REGION.				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQAB DISTRICT			
	Snap shot Indicators			=Target achieved at 100%; = Target partially achieved at 75% - 99%; = Target not achieved at less than 75% = Target On Hold = Target removed									
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person	
Planned (2015/16)				Actual (2015/16)	Planned (2016/17)	Actual (2016/17)							
1.1.12	Maize Meat Hub	Develop a stakeholder matrix for the operations of the Maize Meat Hub.	Business Plan completed in 2015	New Indicator	New Indicator	1 Stakeholder matrix developed	0 Stakeholder matrix developed	Stakeholder Matrix		The challenge was that the role of the development agency in this project was not clearly defined which has caused delays in the process of developing this document.	The agency intends to conclude the agreement with the co-operative development centres and one of the role is to conduct social facilitation for the maize meat hub in the first quarter of 2017/18 Financial Year and then in second quarter develop the stakeholder matrix. This K.P.I will still finds expression in the 2017/18 FY APP.	Analyst / Project Manager	
1.1.13		Conduct Social facilitation of the project.		New Indicator	New Indicator	1 Social Facilitation for the project conducted	0 Social Facilitation for the project conducted	Advert/Agreement		1.Due to the unclear role of development agency this has delayed the social facilitation for the project. The agency since learnt that National Agriculture Marketing Council (NAMC) has been appointed as implementing agents for the construction phase of the Maize Meat hub. The development agency then engaged a partnership agreement with NAMC to ensure social facilitation will be conducted for the project. 2.The Agency then formed partnership with the ChrisHani Cooperatives Development Centre to conduct the social facilitation for this project and a draft agreement is in place.	The agency intends to conclude the agreement with the co-operative development centres and one of the role is to conduct social facilitation for the maize meat hub in first quarter of 2017/18 Financial Year and then in second quarter develop the stakeholder matrix. This K.P.I will still finds expression in the 2017/18 FY APP.		
1.1.14		Sign Strategic partnership agreements with red meat industry for market access.		New Indicator	New Indicator	1 Signed strategic partnership agreement	0 Signed strategic partnership agreement	Agreement Mou/SLA		Strategic partnership could not be sought due to reason that stakeholder matrix and social facilitation has not been conducted. The agency could not achieve this K.P.I in time due to the reason that K.P.I 1.1.13.	The agency plans to continue with this K.P.I to seek red meat industry experts and develop strategic agreements with them for the Maize Meat hub. This K.P.I forms part of the 2017/18 FY APP.		
1.1.15		Establish operation business model.		New Indicator	New Indicator	1 Operation business model established	0 Operation business model established	Operation Business Model		KPI 1.1.15 cannot be implemented until KPI 1.1.13 and 1.1.14 has been achieved.	The agency will develop an operational business model which is viable to ensure sustainability of the Maize Meat Hub. This K.P.I has been capture in the APP to be achieved by the end of the second quarter of 2017/18 FY.		
1.1.16		Secure operator for the operations of the Maize Meat Hub.		New Indicator	New Indicator	1 Operator secured for the operations of the Maize Meat Hub	0 Operator secured for the operations of the Maize Meat Hub	SLA		This KPI could not be achieved due to reason that the above KPI's have not been achieved and also the construction of the infrastructure for maize meat hub has not commenced either.	The Agency will continue to seek an operator for this project and this K.P.I has been capture in the APP to be achieved by the forth quarter of 2017/18 FY.		

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KPI (No.)	STRATEGIC OBJECTIVES			TO ENHANCE ECONOMIC DEVELOPMENT AND INVESTMENT IN THE REGION.				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQABI DISTRICT		
	Snap shot Indicators			=Target achieved at 100%; = Target partially achieved at 75% - 99%; = Target not achieved at less than 75% = Target On Hold = Target removed								
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person
Planned (2015/16)				Actual (2015/16)	Planned (2016/17)	Actual (2016/17)						
1.1.17	Agri-business support	Partner with the municipal LED initiatives in agricultural enterprise development (Implementation Protocol with SLM & MLM).	New Targets	New Indicator	New Indicator	2 Partnership agreements for agricultural enterprise development	0 Partnership agreements for agricultural enterprise development	MOU/SLA		The agency developed relations with the municipal stakeholders in the last quarter of 2016/17 financial year. This is due to the reason the agency identified project in agri business sector in the third quarter. A tripartite Memorandum of Understanding (MOU) was then developed in the fourth quarter between JoGEDA, Chris Hani Cooperatives Development Centre and Elundini Cooperative Development Centre.	The agency needs to complete the pending agreements with the stakeholders in the Agri Business sector. This K.P.I will still find expression in the APP for 2017/18 FY and is to be done in the first quarter.	Analyst/Project Manager
1.1.18		Ensure social facilitation occurs in every project.		New Indicator	New Indicator	2 Agri Business Projects to have social facilitation conducted	0 Agri Business Projects to have social facilitation conducted	Advert		Currently the agency has not yet identified a project in the agri business support that needs social facilitation to be done. A proposal and agreement is in place for the social facilitation of Maize Meat Hub Feedlot.	To sign the partnership agreements and social facilitation proposal to be approved by board. Then the agency will have to ensure that social facilitation is implemented for identified projects. This K.P.I is rolled over to the 2017/18 FY.	
1.1.19		Sign Strategic partnership agreements for market access.		New Indicator	New Indicator	2 Signed partnership agreements for market access	2 Signed partnership agreements for market access	Agreements/SLA		None	None	

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KPI (No.)	STRATEGIC OBJECTIVES			TO ENHANCE ECONOMIC DEVELOPMENT AND INVESTMENT IN THE REGION.				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQABI DISTRICT			
	Snap shot Indicators			=Target achieved at 100%; = Target partially achieved at 75% - 99%; = Target not achieved at less than 75% = Target On Hold = Target removed									
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person	
Planned (2015/16)				Actual (2015/16)	Planned (2016/17)	Actual (2016/17)							
1.1.20	Senqu Plastic	To secure land suitable for the development of industrial park.	Feasibility study report and Business plan completed in 2016	New Indicator	New Indicator	1 Council Resolution obtained for the suitable land to develop Industrial Park	1 Council Resolution obtained for the suitable land to develop Industrial Park	Council Resolution		None	None	Analyst / Project Manager	
1.1.21		Submit funding proposal to DTI and development funders as per Business plan recommendations.		New Indicator	New Indicator	1 Funding proposal submitted to DTI and development funders as per Business Plan Recommendation.	1 Funding proposal submitted to DTI and development funders as per Business Plan Recommendation.	Submission of Funding proposal		None	None		
1.1.22		Secure an operator for the operations for Senqu Plastic.		New Indicator	New Indicator	1 Operator secured for Senqu Plastics	0 Operator secured for Senqu Plastics	Agreements/SLA		1. A funding proposal submission of R23 million was submitted to Department of Trade and Industries (DTI) in quarter 2 and a confirmation of receipt has been sent to the agency. The development agency is waiting for a site visit from DTI for evaluation of the project. 2. The methodology that the agency had was such that it sought funding for the project. The intention is that once funding commitment has been secured, it will be used to leverage partnership with operator/investor. Due to unforeseen delays from processes of DTI to make site visit the agency could not implement KPI 1.1.22.	The agency still intends to procure an operator for the Senqu plastic project. This KPI is aimed to be achieved by the third quarter of financial year 2017/18.		
1.1.23		Procure a service provider to implement the construction phase.		New Indicator	New Indicator	1 Advert for procurement of service provider to implement construction phase	0 Advert for procurement of service provider to implement construction phase	Advert		The procurement of a service provider to construct the facility/facilities can proceed once the funding application is approved.	The agency plans to have an agreement with operator to be clear on operations of the project and then from there ensure that the request for professional service provider for the development of the Senqu Plastic infrastructure is advertised to the developers in time. This will be capture on the agreement between the agency and the developer in terms of capital investment purposes, etc.		

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KPI (No.)	STRATEGIC OBJECTIVES			TO ENHANCE ECONOMIC DEVELOPMENT AND INVESTMENT IN THE REGION.				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQABI DISTRICT		
	Snap shot Indicators			=Target achieved at 100%; = Target partially achieved at 75% - 99%; = Target not achieved at less than 75% = Target On Hold = Target removed								
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person
				Planned (2015/16)	Actual (2015/16)	Planned (2016/17)	Actual (2016/17)					
1.1.24	Renewable Energy	Conduct a feasibility Study.	New Targets	New Indicator	New Indicator	1 Feasibility study conducted	0 Feasibility study conducted	Feasibility Study Report		The development agency made an application to the Eastern Cape Development Corporation (ECDC) leverage partnership to conduct this study. The ECDC indicated that they were ahead with regards to feasibility study for renewable energy and therefore it would be fruitless to repeat the study. The agency then obtained the province wide study from ECDC.	The Agency will continue with the K.P.I along with the renewable or sustainable energy strategy as a consolidated report for 2017/18. This KPI is aimed to be achieved by the end of third quarter for financial year 2017/18.	Analyst/ Project manager
1.1.25		Develop district wide Renewable Energy strategy.		New Indicator	New Indicator	1 Renewable Energy Strategy developed	0 Renewable Energy Strategy developed	Renewable Energy Strategy		The agency engaged ECDC with an application of R800 000,00 for match-funding where JoGEDA had a budget of R300 000.00 and the remainder was herein sought from ECDC. The response from ECDC was that the strategy had already been developed and therefore to fund the development of another strategy would be a duplication. The agency then was able to obtain the province wide renewable or sustainable energy strategy in the 4th quarter.	1.The way forward is to narrow the provincial strategy down to focus strictly on what can be done in terms of renewable energy in the Joe Gqabi District. 2.The Agency will continue with the K.P.I along with the feasibility as one K.P.I for 2017/18 because there is information that is available that the agency needs to unpack to develop a document that will create investment opportunities. This K.P.I is planned to be completed by the end of the third quarter of 2017/18 FY.	
1.1.26		Package and advertise renewable energy investment opportunities within the district.		New Indicator	New Indicator	2 Renewable Energy Investment promotion opportunities advertised	0 Renewable Energy Investment promotion opportunities advertised	Advert/Investment Promotion		The advert for investment opportunity can only be done once the district wide renewable energy strategy has been developed.	This K.P.I has been enhanced for 2017/18 where by it will not only end with investment promotion material or opportunities but also advertising these opportunities to the public to interact. This K.P.I is also part of 2017/18 APP as investment prospectus and is aimed to be achieved by the end of second quarter for financial year 2017/18	

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KPI (No.)	STRATEGIC OBJECTIVE 1			TO ENHANCE ECONOMIC DEVELOPMENT AND INVESTMENT IN THE REGION.				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQAB DISTRICT			
	Snap shot Indicators			1=Target achieved at 100%; = Target partially achieved at 75% - 99%; = Target not achieved at less than 75% = Target On Hold = Target removed									
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person	
Planned (2015/16)				Actual (2015/16)	Planned (2016/17)	Actual (2016/17)							
1.1.27	Entrepreneurial Skills Development	Develop and train entrepreneurs of the district.	New Targets	New Indicator	New Indicator	40 Trained and developed entrepreneurs of the district	152 Trained and developed entrepreneurs of the district	Entrepreneur development and training programme		None	None	Analyst/Project Manager	
1.1.28		Conduct entrepreneurial information sharing workshops.		New Indicator	New Indicator	4 information sharing workshops conducted	4 information sharing workshops conducted	Entrepreneur Workshop attendance register		None	None		
1.1.29		Market Access through partnership with procurement portal.		New Indicator	New Indicator	1 Signed partnership agreement	0 Signed partnership agreement	MOU/SLA		A draft partnership agreement with ABSA has been developed, engagements on the draft document are on-going. The partnership agreement will allow the agency to refer SMME' to ABSA for financial and non financial support. The agency will also be able to promote better opportunities for the SMME's through the ABSA online procurement portal.	The agency will continue to engage with ABSA to ensure that the partnership is sealed and market access is made available to communities. The online procurement portal is already running however the idea wants to link people to utilise this opportunity. This KPI is aimed to be achieved by the end of first quarter for financial year 2017/18		

👍 = Target achieved and or exceeded (> 90). 🤖 = target not achieved (< 74). 🙋 = information not yet available. 🤖 = significant progress (75 - 90%) has been achieved N/A = No target was set for the quarter in the approved SDBIP * - target and or indicator refined and aligned

KPI (No.)	STRATEGIC OBJECTIVE 1			TO ENHANCE ECONOMIC DEVELOPMENT AND INVESTMENT IN THE REGION.				STRATEGIC GOALS 1		SERVE AS PRIMARY AND PRINCIPAL VEHICLE FOR ECONOMIC DEVELOPMENT & INVESTMENT WITHIN JOE GQAB DISTRICT		
	Snap shot Indicators			=Target achieved at 100%; = Target partially achieved at 75% - 99%; = Target not achieved at less than 75% = Target On Hold = Target removed								
	Project	Specific Deliverable (KPI)	Baseline	PAST PERFORMANCE		CURRENT PERFORMANCE		Means of Verification for Annual Target	Snap shot	Deviation Explanation	Corrective Measures	Responsible Person
Planned (2015/16)				Actual (2015/16)	Planned (2016/17)	Actual (2016/17)						
1.1.30	District Development Plan 2030	Develop terms of reference and procure professional services.	New Targets	New Indicator	New Indicator	1 Terms of reference developed	0 Terms of reference developed	TOR		TOR could not be developed and the reason is that the agency has not been able to leverage financial support to develop this investment promotion plan.	The development agency has decided to move this KPI to be done in the 2018/19 financial year due to limited funds.	Analyst/Project Manager
1.1.31		Present district development plan to the board and DIC.		New Indicator	New Indicator	4 district development plan presented to board and DIC	0 district development plan presented to board and DIC	District Development Plan		District development plan could not be developed and the reason is that the agency has not been able to leverage financial support to develop this investment promotion strategy.	The development agency has decided to move this KPI to be done in the 2018/19 financial year due to limited funds.	

3.6 Capital projects performance





Project Name	Description	Budget s ('000)	Funding Source	Location (Ward/ Local Municipality)	Implementing Department	Start Date	Completion Date	Progress	Comments
Replacement of Water Mains in La Rochelle Street Burgersdorp	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Burgersdorp in order to mitigate the seasonal drought conditions being experienced in the town.	R9,670 948.09	NT	Walter Sisulu LM	PMU	11-Mar-16	Planned: 01-Nov-2016 Actual Completion date 16th October 2016	Practical Completion reached on 4 October 2016. Final Completion reached on 16 October 2016.	Project is in 1 year defects liability phase.
Refurbishment of Chapiinnis Klip Dam No_2	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Burgersdorp in order to mitigate the seasonal drought conditions being experienced in the town.	R5,801 819.10	NT	Walter Sisulu LM	PMU	31-Mar-16	Planned: 21-Nov-2016	Practical Completion was reached on 21 November 2016.	Work is complete and contractor is off site. Project is in 1 year defects liability phase
Replacement of Water Mains in Queenstown Road Burgersdorp	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Burgersdorp in order to mitigate the seasonal drought conditions being experienced in the town.	R7,616 844.52	NT	Walter Sisulu LM	PMU	11-Mar-16	Planned: 29-Nov-16 Extension of time was granted to contractor.	Practical Completion was reached on 16 May 2017.	The project is practically complete. Project is in 1 year defects liability phase.
Geohydrological Investigation Burgersdorp	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Burgersdorp in order to mitigate the seasonal drought conditions being experienced in the town.	R1,113 952.45	NT	Walter Sisulu LM	PMU	18-Nov-15	Planned: 09-Oct-16 Actual: 26 October 2016	Project reached final completion on 26 October 2016.	Awarded on 18 Nov 2015. Final report has been submitted to JGDM, and Boreholes have been drilled in Burgersdorp and Steynsburg as a result Borehole Supply project has been awarded. Contractor is on site.

☑ = Target achieved and or exceeded (> 90). ☹ = target not achieved (< 74). 🖐 = information not yet available. 📊 = significant progress (75 - 90%) has been achieved N/A = No target was set for the quarter in the approved SDBIP * - target and or indicator refined and aligned

Project Name	Description	Budget s ('000)	Funding Source	Location (Ward/ Local Municipality)	Implementing Department	Start Date	Completion Date	Progress	Comments
Lady Grey Boreholes and Additional Storage	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Lady Grey in order to mitigate the seasonal drought conditions being experienced in the town.	R19,918,056.85	NT	Senqu LM	PMU	01-Apr-16	Planned: 09-Dec-16 In Progress (Contractor behind programme - Pending Engineers ruling on Extension of Time Claim)	Project is under construction. Project delayed due to negotiation process with initial preferred contractor, cash flow problems of contractor and delays in material supplies to site.	UWP Consulting was appointed for Design and Construct UWP appointed Nebavest 46 as sub-contractors to complete the construction-portion of the work. UWP has terminated Nebavest's contract due to non-performance. UWP appointed Civil2000 to complete the three reservoirs and related infrastructure. Extension of Time Claim has been submitted to JGDM for Approval
Lady Grey Boreholes and Additional Storage Phase 2	Funding was obtained from provincial treasury to upgrade selected water services infrastructure in Lady Grey in order to mitigate the seasonal drought conditions being experienced in the town.	R,40,000,000.00	NT	Senqu LM	PMU	01-Nov-16	Planned: 10 October 2018.	The contract has been awarded to the contractors and the contractor is on site, the inception meeting was held on Tuesday, 04th April 2017.	The contractor has established the site and has commenced with platform excavations for Kwezi-Naledi reservoir.
The Upgrading of Eastern Outfall, Sewer from the Aliwal Spa to the Nursery Pump Station	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R18,470,127.40	NT	Walter Sisulu LM	PMU	01-Apr-16	Planned completion 17 February 2017 Revised completion date is 1st August 2017 due to extension of time granted because of hard rock excavations and inclement weather.	Project under construction and is at 87% Evidence for %	The contractor is progressing well.

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



Project Name	Description	Budget s ('000)	Funding Source	Location (Ward/ Local Municipality)	Implementing Department	Start Date	Completion Date	Progress	Comments
Reconstruction of the Nursery Pump Station	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R4, 397, 000.00	NT	Walter Sisulu LM	PMU	22-Dec-15	Planned: 07-Jun-16 Actual: 31 Oct 2016	Project is complete. Practical completion was done in October 2016.	Construction progress is at 100%. Additional emergency work was given to the contractor resulted in extension of time for completion. Project is in one year defects liability phase.
Rehabilitation of the Pumping and Gravity Main Between the Nursery Pump Station and the Phola Park Pump Station	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R4,767, 581.35	NT	Walter Sisulu LM	PMU	01-Apr-16	Planned: 06-October 2016 Actual: 06 October 2016	Project is complete.	Project in one year defects liability phase..
Rehabilitation of the Mechanical Plant at the WWTW and The Phola Park Pump Station	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R2, 924, 879.68	NT	Walter Sisulu LM	PMU	01-Apr-16	Planned: 08 August 2016 Revised completion date October 2016	Project is under construction, however poor performance of the contractor was experience which led to subcontracting of the Civil and Mechanical works.. Project still under construction. Penalties for late completion will apply.	Construction progress for new refurbishment at 98% and Mechanical work is at 79%, Civil work at 60%. The main contractor was given notice in terms of Clause 9.2 of General Condition of Contract. It has been recommended that the client terminate the contract. Both the civil and mechanical contracts have been sub-contracted to other sub-contractors to finish the project.

 = Target achieved and or exceeded (> 90).  = target not achieved (< 74).  = information not yet available.  = significant progress (75 - 90%) has been achieved N/A = No target was set for the quarter in the approved SDBIP * - target and or indicator refined and aligned

Project Name	Description	Budgets ('000)	Funding Source	Location (Ward/ Local Municipality)	Implementing Department	Start Date	Completion Date	Progress	Comments
Reconstruction of the Pumping Main From PPPS To the Waste Water Treatment Works	Funding was obtained from provincial treasury to upgrade selected sewerage infrastructure in Aliwal North to solve constant sewer spillages.	R3, 363, 046.17	NT	Walter Sisulu LM	PMU	01-Apr-16	Planned: 08 August 2016 Actual completion was 28 October 2016 due to variation order for additional work. Extension of time was granted.	Project under construction. Completed	Certificate of Completion has been issued. Project is in defects liability phase.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

	2015/16	2014/15	2013/14	2012/13	2011/12
Employment					
Employment Costs (R'000)	163 740	153 126	484 425	107 477	79 276
Remuneration of councillors (R'000)	5 310	5 266	5 024	4 264	4 086
Total Employee Positions	813	701	515	531	433
Total Vacant Employee Positions	177	1	29	1	2
Total Vacancy Percentage	21.77%	0.14%	5.63%	0.19%	0.46%
Managerial Positions - S57	6	6	6	6	5
Vacant Managerial Positions - S57	0	1	0	1	0
Managerial Positions - by organogram	19	23	20	22	22
Vacant Managerial Positions - by organogram	4	0	4	0	1
Community And Social Service Positions	22	70	22	43	12
Vacant Community And Social Service Positions	2	0	0	0	0
Finance And Administration Positions	102	122	76	110	67
Vacant Finance And Administration Positions	35	0	0	0	0
Electricity Positions	0	0	0	0	0
Vacant Electricity Positions	0	0	0	0	0
Enviromental Protection Positions	0	0	22	18	19
Vacant Enviromental Protection Positions	0	0	0	0	0
Health Positions	0	0	0	0	0
Vacant Health Positions	0	0	0	0	0
Public Safety Positions	59	0	29	26	26
Vacant Public Safety Positions	6	0	0	0	1
Road Transport Positions	0	124	142	92	155
Vacant Road Transport Positions	0	0	25	0	0
Sport And Recreation Positions	0	0	0	0	0
Vacant Sport And Recreation Positions	0	0	0	0	0

 = Target achieved and or exceeded (> 90%).  = target not achieved (< 74%).  = information not yet available.  = significant progress (75 - 90%) has been achieved. N/A = No target was set for the quarter in the approved SDBIP * - target and or indicator refined and aligned

Waste Management Positions	0	0	0	0	0
Vacant Waste Management Positions	0	0	0	0	0
Waste Water Management Positions	204	135	135	126	0
Vacant Waste Water Management Positions	56	0	0	0	0
Water Positions	401	63	63	70	127
Vacant Water Positions	74	0	0	0	0
Other Positions	0	158	0	18	0
Vacant Other Positions	0	0	0	0	0

CHAPTER 5 – FINANCIAL PERFORMANCE

All values: R'000	2016/17	2015/16	2014/15	2013/14	2012/13
AUDIT OUTCOME	Financially unqualified with findings	Clean audit outcome	Clean audit outcome	Financially unqualified with findings	Financially unqualified with findings
FINANCIAL PERFORMANCE					
Revenue				-	-
Service charges	91 671 035	102 810 763	83 995	42 114	28 175
Investment revenue	3 352 230	4 385 210	3 901	3 240	3 143
Government grants and subsidies - capital	248 297 169	203 356 888			
Transfers recognised - operational	315 173 467	326 436 927	311 553	317 699	240 527
Other own revenue	1 023 737	1 283 144	12 548	15 127	14 010
Total Revenue*	700 255 006	655 270 689	411 997	378 180	285 855
Expenditure					
Employee costs	190 580 905	167 090 606	153 126	484 425	107 477
Remuneration of councillors	5 201 912	5 309 512	5 266	5 024	4 264
Depreciation and Amortization	48 698 284	46 362 765	44 240	42 311	42 488
Finance charges	5 916 126	5 735 402	5 002	3 968	2 707
Bulk purchases	4 163 900	988 976	3 004	2 474	-
Grants and subsidies paid	111 461	1 192 980	2 445	116 303	83 768
Repairs and maintenance	12 058 889	6 315 416			
Contracted services	14 441 985	15 138 059			
Total Expenditure*	480 095 516	468 227 157	488 587	875 001	404 739
Surplus/(Deficit) for the year		169 528	53 357	(390 677)	48 770
FINANCIAL POSITION					
Total current assets	5 684 207	8 532 307	82 985	69 378	92 321
Total non current assets	1 678 558 968	1 500 403 879	1 366 838	1 288 280	1 232 830
Total current liabilities	30 808 730	25 482 835	129 448	118 106	72 893
Total non current liabilities	34 706 207	35 216 636	47 284	34 115	32 510
Total Liabilities*	184 382 151	155 601 853	1 273 091	1 205 438	1 219 749
COMMUNITY WEALTH	1 672 478 302	1 452 318 812			

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

6.1 COMPONENT A: AUDITOR-GENERAL OPINION 2016/17 FINANCIAL YEAR

Report of the auditor-general to Eastern Cape Provincial Legislature on Joe Gqabi District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the Joe Gqabi District Municipality set out on page ...to..., which comprise the consolidated and separate statement of financial position as at 30 June 2017, and the consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets and consolidated and separate cash flow statement and consolidated and separate statement of comparison of budget and actual for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Joe Gqabi District Municipality as at 30 June 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with the South African Standards of General Accounting Practise (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2016 (Act No 3 of 2016) (DoRA).

Context for the opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the Municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 39 to the consolidated financial statements, the corresponding figures for the previous balance sheet date have been restated as a result of an error in

the consolidated and separate financial statement of the district municipality, at and for the year ended 30 June 2017.

Material Losses

8. As disclosed in note 44 of the consolidated and separate annual financial statements, material losses to the amount of R49.7 million (2016: R68.6 million) were incurred on water losses.

Impairments – receivables from exchange transactions

9. As disclosed in note 5 to the consolidated and separate financial statements, doubtful debts written off against provision to the amount of R142.8 million (2016: R208.9 million) were incurred as a result of a write-off of irrecoverable receivables from exchange transaction.

Responsibilities of the Accounting Officer

10. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with GRAP and the requirements of the MFMA and DORA for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the Joe Gqabi District Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the Municipality or cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
13. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2017:

development priorities	Pages in the annual performance report
KPA 1: Service delivery	x – x
KPA 2: Local Economic development	x – x

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the usefulness and reliability of the selected development priorities are as follows:

Service delivery

19. % of households with access to basic level of water was reported as achieved during the financial period. However the villages that were reported on had access to water in the prior year. Therefore the new water installations constituted repairs of old infrastructure which the condition thereof was not of the prescribed standards. Therefore this constituted double counting of the reported target.
20. % of households with access to basic level of sanitation was materially misstatement as the reported performance did not agree to the supporting documentation.

Local Economic Development

- 21.** The municipality materially misstated the report on the number of job opportunities created through the municipality's local economic development initiatives and capital projects

Other matters

- 22.** I draw attention to the matters below. My opinions are not modified in respect of these matters

Adjustment of material misstatements

- 23.** I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of % of households with access to basic level of water, % of households with access to basic level of sanitation and number of job opportunities created through municipality's local economic development initiatives and capital projects. These were subsequently corrected.

Report on audit of compliance with legislation

Introduction and scope

- 24.** In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 25.** The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

- 26.** The consolidated and separate financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA.
- Material misstatements of disclosure items identified by the auditors in the submitted consolidated and separate financial statement were subsequently corrected and/or the supporting records were provided subsequently, resulting in the consolidated and separate financial statements receiving an unqualified audit opinion.

Other information

- 27.** The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report thereon and those selected development priorities presented in the annual performance report that have been specifically reported on in the auditor's report.

28. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected development priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact.

Internal control deficiencies

31. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for opinion; I did not identify any significant deficiencies in internal control.
32. Management has not adequately reviewed the consolidated and separate annual financial statements as a result there were misstatements identified in the consolidated and separate annual financial statements.
33. The consolidated and separate annual financial statements and annual performance report submitted for audit were not supported by supporting information and this resulted in errors and delays in the audit.
34. Internal audit and the audit committee were effective; however there are areas where their effectiveness could be improved in relation to financial reporting which would be aided by timeous provision of reporting and supporting schedules by management.

Auditor-General

East London

11 December 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected KPA 1: Service Delivery and KPA 2: Local Economic Development and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in the auditor's report, I also:
 - Identify and assess the risks of material misstatement of the consolidated and separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - Conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Joe Gqabi District Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a municipality to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. I am responsible for the direction,

supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

COMPONENT B: ADDRESSING AUDITOR-GENERAL OPINION 2015/16 FINANCIAL YEAR

6.2 Audit Action Plan 2016/17 FINANCIAL YEAR

AUDITOR GENERAL REPORT 2016/17 FY (CURRENT YEAR)

Auditor-General Report on Financial Statements 2016/17 FY	
Status of audit report:	Financially unqualified with findings
Non-Compliance Issues	Remedial Action Taken
Corrections of a material nature were made to the financial statements	Ensure that there is sufficient oversight over the preparation of the AFS including filling the post of Chief Financial Officer and allowing sufficient time for all oversight committees to review and give comment prior to submission
	Ensure that there is supporting information for all items in the financial statements
T 6.2.1	

Auditor-General Report on Service Delivery Performance: 2016/17 FY	
Status of audit report	Unqualified with findings
Non-Compliance Issues	Remedial Action Taken
Corrections were made to the Annual Performance Report	Ensure that there is sufficient, reliable and complete information to support each indicator and that this evidence has been interrogated and reviewed prior to submission for audit
T 6.2.2	

6.3 Audit Action Plan 2015/16 FINANCIAL YEAR

AUDITOR GENERAL REPORT 2015/16 FY (CURRENT YEAR)

Auditor-General Report on Financial Statements 2015/16 FY	
Status of audit report:	CLEAN
Non-Compliance Issues	Remedial Action Taken
Material losses of 45.8 % to the amount of R68 million were incurred on water losses.	Progressively implement mitigation strategies and initiatives.
T 6.2.1	

Auditor-General Report on Service Delivery Performance: 2015/16 FY	
Status of audit report	CLEAN
Non-Compliance Issues	Remedial Action Taken
None	None
T 6.2.2	

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2017

REPORT OF THE AUDIT COMMITTEE TO THE COUNCIL OF THE JOE GQABI DISTRICT MUNICIPALITY

In accordance with Section 166 of the Municipal Finance Management Act 56 of 2003 (the MFMA), the Audit Committee has been established as an Independent Committee of Council. The Committee has adopted formal terms of reference, which are reviewed annually and approved by Council.

The Committee presents its report for the financial year ended 30 June 2017.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee's terms of reference requires a minimum of three members. In the year under review the Committee consisted of the members as indicated below. Five Audit Committee meetings were held in the year under review. In addition and as demanded by good corporate governance norms; separate exclusive meetings were held with the Auditor General as well as with the Head of Internal Audit. Internal Audit facilitates audit committee meetings and the Auditor General is a standing invitee at these meetings.

Name of member	Number of meetings attended
Mr J Emslie (Chairperson)	5
Mr P du Toit (Term ended during current year)	3
Ms F Ntlemeza	5
Ms P Ntisana	4

AUDIT COMMITTEE RESPONSIBILITY

The responsibility of the Audit Committee is governed by a combination of the MFMA, the Companies Act and King Reports on Corporate Governance, with the MFMA being the overriding legal authority.

The overall responsibility of the Audit Committee is to perform an oversight function on the effectiveness or otherwise of good corporate governance at the Municipality. The MFMA goes further and details specific responsibilities that the Audit Committee must fulfil. This annual report therefore is fulfilling the responsibility of this committee in accounting to the Council on its legislated mandate.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Municipality's internal controls are appraised during the year by Internal and External audit. The audit committee reviews the outcomes of these appraisals and the appropriateness of managements actions in response to weaknesses identified and provides recommendations thereon. Follow up audits are conducted by internal audit were applicable to ensure the necessary matter has been addressed.

The drivers of internal control are Leadership; Financial and Performance management and Governance. The Auditor General reports that internal controls functioned appropriately and

consistently throughout the year, except for the review on the financial and performance reporting. The deficiency in this respect resulted in adjustments being effected to disclosure items in the financial statements as submitted for annual audit.

INTERNAL AUDIT

Internal Audit continued to be effective in the year under review, wherein the unit executed and fulfilled its mandate as envisaged by Section 165 of the Municipal Finance Management Act encapsulated in the internal audit plan and the internal audit charter.

Internal Audit consistently tabled value adding reports, aligned to their risk based plan, which assisted management in improving the internal control environment.

Internal audit maintains a findings register to enable tracking of progress in any identified areas where improvement may be required. Matters that would enhance effectiveness are raised through the Audit Committee and these receive management and the unit's consideration. These matters include concerns on timeous completion of audit assignments on the part of the contracted out component of the unit.

RISK MANAGEMENT

Risk Management was considered to be effective at the District Municipality in the year under review. The committee is of the opinion that the risk management function contributes to good governance at the Municipality through actively managing risk, fraud and corruption.

ACCOUNTING POLICIES

Accounting policies adopted by the Municipality in the current year were in accordance with GRAP (Generally Recognised Accounting Practice) standards and where applicable, were in accordance with the IAS (International Accounting Standards). There were no audit findings on accounting policies and there were no significant changes from the prior year.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS

The Audit Committee has reviewed and discussed the financial statements and predetermined objectives for 2016/2017 financial year with management.

During the review process of the financial statements the committee:

- Made enquiries into abnormal and significant transactions;
- Obtained reasonable explanations for variances between the financial statements and budgeted amounts;
- Reviewed any new or proposed legislation that may have an impact on policies, the financial statements and disclosure therein;
- Made enquiries into the adequacy, reliability and completeness of supporting information as supporting these financial statements

Aligned to the concerns of the Auditor General we express concern that there is insufficient opportunity afforded to internal audit and the audit committee to thoroughly interrogate the annual reporting prior to submission for audit. Causes of this include a reliance on external service providers for components within the year end reporting and inadequate resourcing within the Municipality to timeously prepare and review the reporting and supporting evidence.

PERFORMANCE REPORTING

The committee is of the view that the Municipality continues to maintain an improved level of performance reporting, and engages well with the Audit Committee in this regard. The year-end reporting for the current year contained an aspect that required correction as identified during audit, and such correction was effected as reported by the auditors.

GOVERNANCE

Governance at the Municipality for the year ended 30 June 2017 continued to be effective and accordingly there were no material audit findings on governance, neither from the Auditor General nor from Internal Audit.

COMPLIANCE WITH THE MFMA AND OTHER APPLICABLE LEGISLATION

The Municipality effected material changes to the disclosure items within the financial statements as submitted for audit. These changes were required to ensure that they remain a fair presentation of the financial results. The changes resulted in a contravention of Section 122 of the MFMA.

No other instances of material non-compliance with legislation were identified during the year under review.

CONCLUSION

We concur with and accept the opinion of the AGSA on the financial statements of the Municipality for the year ended 30 June 2017. The Municipality has regressed in certain aspects of financial and performance reporting and focus should be afforded to these areas by all parties concerned.



Mr J Emslie CA(SA)
Audit Committee Chairperson
For and on behalf of the Audit Committee
17 January 2018

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

APPENDIX A – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Top Management	To discuss Administrative matters concerning each Directorate, to provide expert inputs in preparation of every meeting within the power of the Institution and to serve as a network for experience sharing.
Audit Committee	To provide independent, objective assurance and consulting services designed to add value and improve the District Municipality's operations. It helps the District Municipality accomplish its objectives by bringing a systematic, discipline approach to evaluate and improve the effectiveness of risk management, governance and control processes.
Council Meeting	To develop mechanism to consult the community and community organisations in performing its functions and exercising its powers as per the legislation.
Mayoral Committee	To discuss and report to the Municipal Council on all decisions taken by the committee as per the delegation assigned to the Mayoral Committee.
DIMAFO	To facilitate effective co-operation between municipalities in the Joe Gqabi District. Its main aim is to enhance integrated development and to consider priorities in the whole district. It is also aimed at affecting the constitutional imperatives relating to co-operative governance as enshrined in Chapter 3 of the Constitution.
MPAC	To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report in the annual report. To perform any other functions assigned to it through a resolution of Council within its area of responsibility, excluding policy formulation or prioritization matters.
Broad Management	To discuss administrative matters concerning each Section.
Corporate Services Standing Committee	To advise the Mayoral Committee on matters related to Corporate Services
Community Services Standing Committee	To advise the Mayoral Committee on matters related to Community Services
Technical Services Standing Committee	To advise the Mayoral Committee on matters related to Technical Services
Financial Services Standing Committee	To advise the Mayoral Committee on matters related to Financial Services
Strategic & Governance Committee	To advise Council on matters related to Strategic and Governance
Rules & Ethics	To advise Council on matters related to Rules and Ethics
Remuneration Committee	To advise Council on matters related to Remuneration

T
B

APPENDIX B –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Office of the Municipal Manager	Manager IGR and Communications: Mr G Gceya
	Manager Mainstreaming: Mr MP Dyantyi
	Manager Internal Audit: Ms A Mahamba
	Manager IDP and PMS: Mr T Phintshane
Community Services	Manager Environmental Health Services: Mr M Saule
	Manager Water Services Authority: Vacant
	Manager Disaster Rescue and Fire Services: Mr Moko
Manager Water Services Provision	Manager WSP: Mr D Lusawana
Technical Services	Manager Roads: Mr L Labuschagnie
Corporate services	Manager Council Support: M L Matyesini
	Manager HR: Mr S Botha
	Manager Skills Development: Ms N Nelani
	Manager Legal Services: Ms N Libazi
	Manager IT: Mr L Gush
Finance	Manager Budget and Treasury: Mr C Samuels
	Manager Expenditure: Ms T Nqgongqwana
	Manager Supply Chain Management: Ms M Mlotywa
	Technical Expert: Ms S du Toit

TC

APPENDIX C – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	No
Building regulations	No	No
Child care facilities	No	No
Electricity and gas reticulation	No	No
Firefighting services	Yes	No
Local tourism	Yes	No
Municipal airports	No	No
Municipal planning	Yes	No
Municipal health services	Yes	No
Municipal public transport	Yes	No
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Stormwater management systems in built-up areas	No	No
Trading regulations	No	No
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	Yes	No
Beaches and amusement facilities	No	No
Billboards and the display of advertisements in public places	No	No
Cemeteries, funeral parlours and crematoria	No	No
Cleansing	No	No
Control of public nuisances	No	No
Control of undertakings that sell liquor to the public	No	No
Facilities for the accommodation, care and burial of animals	No	No
Fencing and fences	No	No
Licensing of dogs	No	No

Licensing and control of undertakings that sell food to the public	No	No
Local amenities	No	No
Local sport facilities	No	No
Markets	No	No
Municipal abattoirs	No	No
Municipal parks and recreation	No	No
Municipal roads	No	No
Noise pollution	No	No
Pounds	No	No
Public places	No	No
Refuse removal, refuse dumps and solid waste disposal	No	No
Street trading	No	No
Street lighting	No	No
Traffic and parking	No	No

APPENDIX D – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR

Date of Committee	Committee recommendations during 2016/17 FY	Recommendations adopted (enter Yes) If not adopted (provide explanation)
23/08/2016	<p>All the Internal Audit findings will be submitted to Management by Thursday, 25 August 2016.</p> <p>Internal auditors will send the updated annual performance report and the updated internal audit report to the members of the audit committee as soon these are available for submission to external auditors</p> <p>Management will inform the audit committee of any matters that seem to remain unresolved (for further advise).</p>	Yes
25/10/2016	<p>The Audit Committee accepts the report.</p> <p>The Audit Committee accepts the report</p> <p>The Audit Committee accepts the report</p> <p>The First quarter SDBIP performance report of the 2016/17 financial year be accepted by the audit committee</p> <p>The Audit Committee accepts the report</p> <p>The Audit Committee accepts the report</p> <p>The Audit committee approves the Internal Audit operational Plan for the financial year 2016/17</p> <p>The Audit Committee accepts the report</p>	Yes
22/11/2016	<p>The Audit Committee accepts the proposed amendments and updates to the terms of reference of the audit committee</p> <p>The audit committee considers it appropriate that the reviewed terms of reference of the audit committee can be submitted to the Council for approval.</p> <p>That the Audit Committee accepts the changes made to Internal Audit Charter</p> <p>That the audit committee approves the revised internal audit charter.</p> <p>That the audit committee accepts the contents of the report</p> <p>That the audit committee accepts the contents of the report</p> <p>That the internal audit ensures that the recommendations of the audit committee are forwarded to Council support for incorporation in the Calendar of events</p>	Yes

15/03/2017	<p>The Report on the Mid-Year SDBIP Performance report for the first half of the 2016/17 financial year be noted.</p> <p>The report be accepted</p> <p>The Audit Committee adopts the work Plan for the Financial year as a guide and working document.</p> <p>That the contents of the report be noted</p> <p>That the audit committee accepts the report</p> <p>That the contents of the report be noted</p> <p>That be noted the process of the pre-paid meter is underway and in the planning stage.</p> <p>That note be taken that the project will be escalated to rural areas during 2017/18 financial year.</p> <p>That the Audit Committee notes the status.</p> <p>That the content of the report be noted.</p> <p>That the Audit Committee accepts the report.</p> <p>That the Audit Committee accepts the report.</p>	Yes
12/06/2017	<p>That not is taken on the Section 71 report for the months of January 2017-March 2017.</p> <p>That the Audit Committee accepts the report.</p> <p>That the Audit Committee notes of the implementation process.</p> <p>That the report on the SDBIP report for the financial year 2016/17 on the implementation of the budget and financial affairs of the municipality be noted.</p> <p>That the report on the SDBIP report for the financial year 2016/17 on the implementation of the budget and financial affairs of the municipality be considered.</p> <p>That the Audit Committee accepts the report.</p> <p>That the Audit Committee accepts the report.</p> <p>That the Audit Committee recommends the submission of this report to the Mayoral Committee and the Council for noting.</p> <p>That the Audit Committee accepts the report.</p> <p>That the Audit Committee accepts the report.</p> <p>That the Internal Audit strategic plan is approved by the Audit Committee (subject to presentation of the outstanding information).</p> <p>That the plan be noted.</p> <p>That the report be accepted.</p> <p>That the Audit Committee accepts the report.</p>	Yes

APPENDIX E – COGTA-EC INDICATORS

E1: Organisational Transformation and Institutional Development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	259	214	83%	EEP plan sets to achieve the target over a period of five years due to budget implications.
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	7	6	87%	The position of the CFO was advertised. Acting Director was appointment.
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	7	7	100%	None
4	Percentage of Managers in Technical Services with a professional qualification	2	1	50%	None
5	Percentage of municipalities within the district area that have a fully functional Performance Management System (DM only)	3	3	100%	None
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	100%	100%	100%	None
9	Percentage of councillors who attended a skill development training within the current 5 year term	100%	100%	100%	None
10	Percentage of staff complement with	868	6	0.007	Recruitment process encourages people

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	disability				with disabilities to apply
11	Percentage of female employees	868	276	32%	Employment Equity Plan is being implemented.
12	Percentage of employees that are aged 35 or younger	868			

E2. Workforce Profile Age Groups

Age Group	18 > 35	36 > 55	56 > More	Total
Permanent Employees	222	428	92	742
Non-permanent	105	83	25	213
Councillors	7	12	4	23
Total	334	523	121	978

E3. Basic Service delivery performance highlights

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	5 000	17 599	5 000	0	0
2	Percentage of indigent households with access to free basic potable water	16 928	0	16 928	16 928	100% (of registered indigents)

E4. Annual performance as per key performance indicators in sanitation services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	97 775	4 888	5 000	0	82%
2	Percentage of indigent households	16 928	0	16 928	16 928	100% (of registered indigents)

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
	with access to free basic sanitation services					

E5. MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Percentage of LED Budget spent on LED related activities.	3 326 570	3 166 528	95%
2	Number of LED stakeholder forum held			LED
3	Percentage of SMME that have benefited from a SMME support program	4	5	125%
4	Number of job opportunities created through EPWP	3 256	2 116	65%
5	Number of job opportunities created through PPP	0	0	0%

E6. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	269 843	227 354	84%
		Target set for the year (35%) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
2	Salary budget as a percentage of the total operational budget	(43%) 235 902	186 858	79%
		Target set for the year (20% or less) R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
3	Trade creditors as a percentage of total actual revenue	(12%) 51 878	97 331	14%
		Target set for the year (80% and more) R(000)	Achievement level during the year R(000)	Achievement percentage during the year
4	Total municipal own revenue as a percentage of the total actual budget	(11%) 78 983	101 776	129%
		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
5	Rate of municipal consumer debt reduction	7 886	-57 226	-95%
6	Percentage of MIG budget appropriately spent	151 602	149 097	98%

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
7	Percentage of MSIG budget appropriately spent	0	0	0%
8	Functionality of the Audit Committee	5	5	100%
9	Submission of AFS after the of financial year	31 August 2017	31 August 2017	100%

E7. GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name		
1	% of ward committees established	N/A	N/A
2	% of ward committees that are functional	N/A	N/A
3	Existence of an effective system to monitor CDWs	N/A	N/A
4	Existence of an IGR strategy	Adopted	Yes
5	Effective of IGR structural meetings	Yes	Yes
6	Existence of an effective communication strategy	Adopted	Yes
7	Number of mayoral imbizos conducted	3	100%
8	Existence of a fraud prevention mechanism	Adopted	Yes

APPENDIX F – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	Various initiatives were implemented by the District. The focus of the District is far as basic services are concerned include water, sanitation and municipal health services. AS per the performance report attached in this Annual Report, significant progress was made. However, challenges relating to the ageing bulk water services infrastructure which is about 50 years, the available budget is mainly utilised for operations and maintenance. More funding will be required to meet universal access.	90%: Access to basic sanitation 78%: Access to water
Output: Implementation of the Community Work Programme	The District has prioritised implementation of community works programme. The Community Works Programme (CWP) is having a profound impact on the micro-economy of the District. The District is involved in facilitating implementation of the CWP programme as the actual implementation rests with other stakeholders. The District has previously implemented the programme in a number of wards in Senqu LM, Elundini LM and Maletswai local municipality. Lack of funding impedes further implementation of the programme	Significant progress achieved
Output: Deepen democracy through a refined Ward Committee model	The District is committed to deepening democracy within implementation of various programmes. These include implementation of Executive Mayor's community participation programme, various stakeholder and community participation fora. Community based programmes are implemented at ward level in partnership with the local municipalities.	Significant progress achieved
Output: Administrative and financial capability	The District financial management has significantly improved over the past years. The 2010/11, 2011/12, 2012/13 and 2013/14, 2014/15 and 2015/16 financial years' audit reports were unqualified. A consecutive clean audit result for the 2014/15 and 2015/16 financial years was attained. This shows consistent good performance on service delivery and sound governance. Maintenance of the clean audit opinion is now the focus of the District.	Clean Audit results
		T S

Volume 2:

Annual Financial Statements



**CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

30 JUNE 2017

(AUDITED)

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JOE GQABI DISTRICT MUNICIPALITY Consolidated Annual financial statements for the year ended 30 June 2017

GENERAL INFORMATION

NATURE OF BUSINESS

Joe Gqabi District Municipality is a district municipality performing the functions as set out in the Constitution. (Act No. 108 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (No. 117 of 1998)

JURISDICTION

The Joe Gqabi District Municipality includes the following areas:

Walter Sisulu Local Municipality (Burgersdorp, Venterstad, Steynsburg, Aliwal North and Jamestown)
Senqu Local Municipality (Lady Grey, Sterkspruit, Rhodes, Rossouw, Herschel and Barkly East)
Elundini Local Municipality (Maclear, Ugie and Mount Fletcher)

MEMBERS OF THE MAYORAL COMMITTEE AS FROM 3RD AUGUST 2016 ELECTIONS

Executive Mayor	Z I Dumzela	
Speaker	T Z Notyeke	
Councillor	E M Lakabane	Portfolio head: Financial Services
Councillor	S Mei	Portfolio head: Technical Services
Councillor	L M Tokwe	Portfolio head: Corporate Services
Councillor	D D Mvumvu	Portfolio head: Community Services

MUNICIPAL MANAGER

Mr Z A Williams

ACTING CHIEF FINANCIAL OFFICER

Ms S du Toit

OTHER DIRECTORS

Mr R J Fortuin	- Director: Technical Services
Ms F J Sephton	- Director: Community Services
Mr H Z Jantjie	- Director: Corporate Services
Ms N Mshumi	- Chief Operations Officer
Mr D Lusawana	- Manager Water Service provider

REGISTERED OFFICE

P/Bag X102	C/o Cole and Graham Street
Barkly East	Barkly East
9786	9786

**JOE GQABI DISTRICT MUNICIPALITY Consolidated Annual financial statements for the
year ended 30 June 2017**

AUDITORS

Office of the Auditor General (EC)
Vincent
East London

ATTORNEYS

MI Ntshiba & Associates
Mthatha
5099

Smith Tabata Attorneys
King Williams Town
5601

Clark Laing Inc
East London
5241

Mjululwa Hlalukana Attorneys
Mthatha
5099

Peyper Attorneys
Bloemfontein
9301

Kirchmanns Incorporated
East London
5241

PRINCIPAL BANKERS

ABSA
P O Box 323
Bloemfontein
9300

AUDIT COMMITTEE

J Emslie	- Chairperson
P G Du Toit	- Member (Ending 15 March 2017)
F K P Ntlemeza	- Member
P Ntisana	- Member

RELEVANT LEGISLATION

Abattoir Hygiene Act 121 of 1992
Arbitration Act 42 of 1965
Basic Conditions of Employment Act 75 of 1997
Black Authorities Service Pension Act 53 of 2003
Broad Based Black Economic Empowerment Act 53 of 2003
Business Act 71 of 1991
Communal Property Associations Act 28 of 1998
Community Development Act 3 of 1996
Constitution of the Republic of South Africa Act, 1996
Deeds Registries Act 47 of 1937
Development Bank of Southern Africa Act 13 of 1997
Development Facilitation Act 67 of 1995
Disaster Management Act 57 of 2002
Division of Revenue Act 3 of 2016
Electoral Act 73 of 1998
Electoral Commission Act 51 of 1996
Electricity Act 41 of 1987
Employment Equity Act 55 of 1998
Environment Conservation Act 73 of 1989
Eskom Act 40 of 1987

**JOE GQABI DISTRICT MUNICIPALITY Consolidated Annual financial statements for the
year ended 30 June 2017**

RELEVANT LEGISLATION (Continue)

Expropriation Act 63 of 1975
Financial and Fiscal Commission Act 99 of 1997
Fire Brigade Services Act 99 of 1987
Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972
Formalities in respect of Leases of Land Act 18 of 1969
Hazardous Substances Act 15 of 1973
Independent Commission for the Remuneration of Public office-bearers Act 92 of 1997
Institution of Legal Proceedings against certain Organs of State Act 40 of 2002
Intergovernmental Fiscal Relations Act 97 of 1997
Intergovernmental Relations Framework Act 13 of 2005
Interim Protection of Informal Lands Rights Act 31 of 1996
Labour Relations Act 66 of 1995
Land Survey Act 8 of 1997
Less Formal Township Establishment Act 113 of 1991
Local Authorities Loans Fund Act 67 of 1984
Local Government: Municipal Demarcation Act 27 of 1998
Local Government: Municipal Electoral Act 27 of 2000
Local Government: Municipal Finance Management Act 56 of 2003
Local Government: Municipal Property Rates Act 6 of 2004
Local Government: Municipal Structures Act 117 of 1998
Local Government: Municipal Systems Act 32 of 2000
Local Government: Transition Act 209 of 1993
National and Records Services of South Africa Act 43 of 1996
National Building Regulation and Building Standards Act 103 of 1977
National Environmental Management: Air Quality Act 39 of 2004
National Environmental Management: Biodiversity Act 10 of 2004
National Environmental Management: Protected Areas Act 57 of 2003
National Veld and Forest Fire Act 101 of 1998
National Water Act 36 of 1998
National Health Act of 1997
Occupational Health and Safety Act and Regulation 85 of 1993
Organised Local Government Act 52 of 1997
Pension Benefits for Councillors of Local Authorities Act 105 of 1987
Pension Funds Act 25 of 1956
Preferential Procurement Policy Framework Act 5 of 2000
Prescription Act 18 of 1943
Prescription Act 68 of 1969
Prevention and Combating of Corrupt Activities Act
Prevention of Illegal Eviction from an Unlawful Occupation of Land Act 19 of 1998
Promotion of Access to Information Act 2 of 2000
Promotion of Administrative Justice Act 3 of 2000
Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
Protected Disclosures Act 26 of 2000
Public Audit Act 25 of 2004
Re-Determination of the Boundaries of Cross-Boundary Municipality Act 6 of 2005
Reconstruction and Development Programme Fund Act 7 of 1994
Regional Services Councils Act 109 of 1985
Regulation of Gatherings Act 205 of 1993
Removal of Restrictions Act 84 of 1967
Remuneration of Public Office Bearers Act 20 of 1998
Skills Development Act 97 of 1998
Skills Development Levies Act 9 of 1999
South African National Roads Agency Limited and National Roads Act 7 of 1998
Tobacco Products Control Act 83 of 1993

**JOE GQABI DISTRICT MUNICIPALITY Consolidated Annual financial statements for the
year ended 30 June 2017**

RELEVANT LEGISLATION (Continue)

Traditional Leadership and Governance Framework Act 41 of 2003
Transfer of Staff to Municipalities Act 17 of 1998
Unemployment Insurance Act 63 of 2001
United Municipal Executive (Pension) Act 12 of 1958
Value Added Tax, 1991
Water Services Act 108 of 1997

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL UNTIL 3 AUGUST 2016

PROPORTIONAL ELECTED COUNCILLORS

Executive Mayor	Z I Dumzela
Speaker	N P Mposelwa
Councillors: JGDM	S Mei V Mbulawa D F Hartkopf B Salman X G Motloi N Ngubo L N Gova N F Mphithi

REPRESENTATIVE COUNCILLORS

Senqu Local Municipality	M W Mpelwane I Mosisidi A Kwinana G Mvunyiswa L Tokwe I van der Walt (deceased) NY Monakali (replaced cllr I van der Walt)
Elundini Local Municipality	L S Baduza G M Moni SPMS Leteba D D Mvumvu L Pili
Maletswai Local Municipality	N S Mathetha S E Mbana
Gariep Local Municipality	T Z Notyeke

**JOE GQABI DISTRICT MUNICIPALITY Consolidated Annual financial statements for the
year ended 30 June 2017**

MEMBERS OF THE JOE GQABI DISTRICT MUNICIPALITY COUNCIL AFTER 3 AUGUST 2016

PROPORTIONAL ELECTED COUNCILLORS

Executive Mayor	Z I Dumzela
Speaker	T Z Notyeke
Councillors: JGDM	S Mei L M Tokwe D D Mvumvu N U Hokwana E M Lakabane M Yiliwe N Ngendane N M van Zyl

REPRESENTATIVE COUNCILLORS

Senqu Local Municipality	A P Kwinana M Phuza N P Mposelwa V V Stokhwe X G Magcai N M M Phama
Elundini Local Municipality	B Msuthwana M Telile M Marubelela L C Booka L Pili N G Ntaopane
Walter Sisulu Local Municipality	B Khweyiya K S Lange D F Hartkopf

JOE GQABI DISTRICT MUNICIPALITYAnnual financial statements for the year ended
30 June 2017

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual consolidated financial statements period ended 30 June 2017, which are set out on pages 1 to 105 in terms of Section 126 (1) of the Municipal Finance Management Act (No. 56 of 2003) and which I have signed on behalf of the Municipality. The annual consolidated financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Economic Entity's cash flow forecast for the year to 30 June 2018 and I am satisfied that the Economic Entity can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the economic Entity's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr Z A Williams
Municipal Manager

30 September 2017
Date

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Note	2017 R	2016 R	2017 R	2016 R
		ECONOMIC ENTITY		MUNICIPALITY	
ASSETS					
Current assets		5 684 207	8 532 307	5 084 974	8 214 730
Inventory	2	2 900 069	3 177 840	2 900 069	3 177 840
Cash and Cash Equivalents	3	2 784 139	5 354 467	2 184 906	5 036 890
Current assets from exchange transactions		150 453 728	70 214 494	149 218 953	69 391 198
Receivables from exchange transactions	5	117 011 691	59 777 830	116 992 136	59 765 369
South African Revenue Services	6	33 442 037	10 436 664	32 226 817	9 625 829
Current assets from non-exchange transactions		22 163 551	28 769 984	22 163 551	28 769 984
Unpaid conditional government grants and receipts	7	22 163 551	28 769 984	22 163 551	28 769 984
Non-current assets		1 678 558 968	1 500 403 879	1 677 780 895	1 499 423 793
Property, plant and equipment	8	1 672 664 859	1 493 892 674	1 671 125 190	1 492 157 309
Investment property	9	3 395 725	3 653 665	2 277 175	2 533 755
Intangible assets	10	914 931	1 368 088	901 022	1 349 221
Non-current investment	11	1 583 453	1 489 452	3 477 508	3 383 507
Total assets		1 856 860 454	1 607 920 664	1 854 248 373	1 605 799 705
Current-liabilities		30 808 730	25 482 835	30 609 586	25 524 600
Current employee benefits	13	25 138 333	23 044 492	24 936 899	22 909 255
Cash and Cash Equivalents	3	5 670 396	2 438 343	5 672 687	2 615 344
Current-liabilities from exchange transactions		104 766 810	80 915 921	104 213 205	80 915 921
Consumer deposits	14	934 536	890 255	934 536	890 255
Payables from exchange transactions	15	97 884 930	76 670 614	97 331 325	76 670 614
South African Revenue Services	6	-	-	-	-
Current portion of long-term liabilities	16	5 947 344	3 355 052	5 947 344	3 355 052
Current-liabilities from non-exchange transactions		7 433 400	1 373 005	7 433 400	1 016 165
Unspent conditional government grants and receipts	7	7 433 400	1 373 005	7 433 400	1 016 165
Non-current liabilities from Exchange Transactions		6 667 005	12 613 456	6 667 005	12 613 456
Long-term Liabilities	16	6 667 005	12 613 456	6 667 005	12 613 456
Non-current liabilities		34 706 207	35 216 636	34 706 207	35 216 636
Employee benefits	12	34 706 207	35 216 636	34 706 207	35 216 636
Total Liabilities		184 382 151	155 601 853	183 629 403	155 286 778
NET ASSETS		1 672 478 303	1 452 318 811	1 670 618 970	1 450 512 928
COMMUNITY WEALTH					
Accumulated Surplus	17	1 672 478 302	1 452 318 812	1 670 618 969	1 450 512 927

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 R	2016 R	2017 R	2016 R
		ECONOMIC ENTITY		MUNICIPALITY	
REVENUE					
<u>Revenue from non-exchange transactions</u>		570 009 739	532 127 147	569 652 901	528 401 325
Transfer revenue		563 470 637	529 793 815	563 113 799	526 067 993
Government grants and subsidies - capital	17	248 297 169	203 356 888	248 297 169	203 356 888
Government grants and subsidies - operational	17	315 173 467	326 436 927	314 816 629	322 711 105
Public contributions and donations		-	-	-	-
Transfer of function		-	-	-	-
Other revenue		6 539 103	2 333 332	6 539 103	2 333 332
Foreign exchange gains		-	-	-	-
Actuarial gains	18	6 494 957	2 328 102	6 494 957	2 328 102
Inventory adjustments	2	44 146	5 230	44 146	5 230
Reversal of impairments	19	-	-	-	-
<u>Revenue from exchange transactions</u>		130 245 267	123 143 542	130 147 732	123 099 236
Service charges	20	91 671 035	102 810 763	91 671 035	102 810 763
Government services	21	10 105 896	9 316 963	10 105 896	9 316 963
Interest earned - external investments	22	3 352 230	4 385 210	3 309 457	4 378 388
Interest earned - outstanding debtors	23	24 092 370	5 347 462	24 092 370	5 347 462
Other income	24	1 023 737	1 283 144	968 975	1 245 660
Total Revenue		700 255 006	655 270 689	699 800 633	651 500 561
EXPENDITURE					
Employee related costs	25	190 580 905	167 090 606	186 858 916	163 740 422
Remuneration of Councillors	26,1	5 201 912	5 309 512	5 201 912	5 309 512
Remuneration of Board of Directors	26,2	344 000	428 600	-	-
Debt impairment	27	37 676 466	51 144 372	37 676 466	57 681 232
Impairments	28	-	290 493	-	290 493
Foreign exchange loss		-	-	-	-
Depreciation and Amortisation	29	48 698 284	46 362 765	48 515 733	46 199 298
Repairs and maintenance	30	12 058 889	6 315 416	12 056 066	6 258 203
Finance charges	31	5 916 126	5 735 402	5 916 126	5 735 402
Contracted services	32	14 441 985	15 138 059	14 441 985	15 138 059
Bulk purchases	33	4 163 900	988 976	4 163 900	988 976
Grants and subsidies paid	34	111 461	1 192 980	7 369 603	4 999 777
Inventory adjustments	2	-	-	-	-
Operating grant expenditure	35	71 608 412	83 407 790	71 608 412	83 407 790
Emergency drought relief	36	321 930	840 345	321 930	840 345
General Expenditure	37	88 308 293	83 321 258	84 987 964	80 626 188
Loss on disposal of Property, plant and equipment	38	662 953	660 584	575 578	656 721
Total Expenditure		480 095 516	468 227 157	479 694 591	471 872 417
SURPLUS/(DEFICIT) FOR THE YEAR		220 159 491	187 043 532	220 106 043	179 628 144

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	ECONOMIC ENTITY	MUNICIPALITY
	2017 R	2017 R
	Accumulated Surplus	Accumulated Surplus
Balance at 1 July 2015	1 265 625 556	1 270 884 781
Correction of error restatement - note	-	-
Rounding	2	2
Restated balance at 1 July 2015	1 265 625 558	1 270 884 783
Net Surplus/(Deficit) for the year	187 043 532	179 628 144
Prior year surplus	-350 279	
Balance at 30 June 2016	1 452 318 812	1 450 512 927
Net Surplus/(Deficit) for the year	220 159 491	220 106 043
Balance at 30 June 2017	1 672 478 302	1 670 618 969

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 R	2016 R	2017 R	2016 R
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts		609 986 826	541 406 947	603 041 674	534 054 190
Service charges and other		26 263 853	45 034 743	25 906 208	44 999 683
Government grants		583 722 973	496 372 204	577 135 466	489 054 507
Payments		(382 501 035)	(392 330 228)	(375 679 919)	(385 123 762)
Suppliers		(183 944 242)	(227 480 866)	(180 778 917)	(223 722 642)
Employees		(198 556 793)	(164 849 362)	(194 901 002)	(161 401 120)
Cash generated from/(utilised in) operations		227 485 791	149 076 719	227 361 755	148 930 428
Interest received		3 352 230	4 306 784	3 309 457	4 299 962
Interest paid		(5 916 126)	(1 756 073)	(5 916 126)	(1 756 073)
Net cash from operating activities	40	224 921 895	151 627 431	224 755 086	151 474 318
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Capital Assets		(227 414 398)	(179 679 744)	(227 354 534)	(179 638 118)
(Increase)/decrease of other assets		-	(15 670)	-	(15 670)
Net cash from investing activities		(227 414 398)	(179 695 414)	(227 354 534)	(179 653 788)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase in consumer deposits		44 281	21 560	44 281	21 560
Proceeds/(repayment) of finance lease liability		(1 272 595)	(1 917 267)	(1 272 595)	(1 917 267)
Proceeds/(repayment) of other long-term liabilities		(2 081 565)	(1 295 285)	(2 081 565)	(1 295 285)
Total Expenditure		(3 309 878)	(3 190 991)	(3 309 878)	-3 190 991
Net increase/(decrease) in cash and cash equivalents		(5 802 382)	(31 258 974)	(5 909 327)	(31 370 461)
Cash and cash equivalents at the beginning of the year		2 916 123	34 175 098	2 421 545	33 792 009
Cash and cash equivalents at the end of the year	3	(2 886 258)	2 916 123	(3 487 782)	2 421 545

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2017

ECONOMIC ENTITY

	ORIGINAL BUDGET R	ADJUSTMENT AND VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Total current assets	87 349 989	(49 202 056)	38 147 934	178 301 486	140 153 552
Total non-current assets	1 479 021 168	2 957 587	1 481 978 755	1 678 558 968	196 580 213
Total current liabilities	36 770 000	19 730 853	56 500 853	149 675 944	93 175 091
Total non-current liabilities	72 173 000	1 639 745	73 812 745	41 373 212	(32 439 533)
Total Net Assets	1 675 314 157	(24 873 870)	1 650 440 287	2 047 909 610	397 469 323

STATEMENT OF FINANCIAL PERFORMANCE

Revenue					
Government Grants and Subsidies - Capital	261 663 000	16 695 000	278 358 000	248 297 169	(30 060 831)
Government Grants and Subsidies - Operating	335 199 000	(4 665 000)	330 534 000	315 173 467	(15 360 533)
Actuarial Gains	-	-	-	6 494 957	6 494 957
Service Charges	67 477 747	-	67 477 747	91 671 035	24 193 288
Government Services	11 506 000	-	11 506 000	10 105 896	(1 400 104)
Interest Earned - External Investments	3 368 000	-	3 368 000	3 352 230	(15 771)
Interest Earned - Outstanding Debtors	2 866 317	-	2 866 317	24 092 370	21 226 053
Other Income	1 368 957	8 000	1 376 957	1 023 737	(353 220)
Total Revenue	683 449 021	12 038 000	695 487 021	706 749 963	11 262 942
Expenditure					
Employee Related Costs	189 901 987	46 000 557	235 902 544	190 580 905	(45 321 639)
Remuneration of Councillors	6 648 713	-	6 648 713	5 201 912	(1 446 801)
Remuneration of Directors	-	-	-	344 000	344 000
Debt Impairment	20 875 142	-	20 875 142	37 676 466	16 801 324
Depreciation and Amortisation	50 506 566	144 095	50 650 661	48 698 284	(1 952 377)
Repairs and Maintenance	29 290 617	(11 530 296)	17 760 321	12 058 889	(5 701 432)
Finance Charges	2 255 323	3 550 000	5 805 323	5 916 126	110 803
Contracted services	8 629 000	8 571 000	17 200 000	14 441 985	(2 758 015)
Bulk Purchases	4 264 273	(6 600)	4 257 673	4 163 900	(93 773)
Grants and Subsidies Paid	10 192 978	502 741	10 695 719	111 461	(10 584 258)
Inventory Adjustments	46 000	(26 000)	20 000	-	(20 000)
Operating Grant Expenditure	70 533 690	6 784 362	77 318 052	71 608 412	(5 709 640)
Emergency Drought Relief	1 026 000	(726 000)	300 000	321 930	21 930
General Expenses	100 696 469	(1 217 521)	99 478 948	88 308 293	(11 170 655)
Loss on disposal of Property, Plant and Equipment	-	-	-	662 953	662 953
Total Expenditure	494 866 758	52 046 338	546 913 096	480 095 516	(67 161 580)
Net surplus for the year	188 582 263	(40 008 338)	148 573 925	226 654 448	78 424 523

CASH FLOW STATEMENT

Net Cash Flow from Operating Activities	259 671 000	52 666 000	312 337 000	224 921 895	(87 415 105)
Net Cash Flow from Investing Activities	(278 436 000)	(17 948 000)	(296 384 000)	(227 414 398)	68 969 602
Net Cash Flow from Financing Activities	5 910 000	(9 104 000)	(3 194 000)	(3 309 878)	(115 878)
Net increase/(decrease) in cash and cash equivalents	(12 855 000)	25 614 000	12 759 000	(5 802 382)	(18 561 382)

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISION OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2017

OPERATING EXPENDITURE BY VOTE

Management Services	49 320 557	4 986 081	54 306 638	46 243 645	(8 062 993)
Financial Services	74 821 254	(1 931 561)	72 889 693	69 088 689	(3 801 004)
Corporate Services	59 058 040	(11 039 037)	48 019 003	45 584 973	(2 434 030)
Technical Services	261 767 546	53 755 787	315 523 333	270 346 238	(45 177 095)
Community Services	49 899 361	6 275 068	56 174 429	48 831 971	(7 342 458)
	494 866 758	52 046 338	546 913 096	480 095 515	(66 817 581)

CAPITAL EXPENDITURE BY VOTE

Management Services	2 533 000	67 000	2 600 000	59 865	(2 540 135)
Financial Services	2 200 000	(2 000 000)	200 000	-	(200 000)
Corporate Services	735 000	698 000	1 433 000	1 299 703	(133 297)
Technical Services	270 267 000	(4 657 000)	265 610 000	226 054 711	(39 555 289)
Community Services	3 001 000	(3 001 000)	-	-	-
	278 736 000	(8 893 000)	269 843 000	227 414 279	(42 428 721)

JOE GQABI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2017

MUNICIPALITY	ORIGINAL BUDGET R	ADJUSTMENT AND VIREMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
Total current assets	87 349 989	(49 202 056)	38 147 934	96 870 072	58 722 138
Total non-current assets	1 479 021 168	2 957 587	1 481 978 755	1 499 345 367	17 366 611
Total current liabilities	36 770 000	19 730 853	56 500 853	107 972 917	51 472 064
Total non-current liabilities	72 173 000	1 639 745	73 812 745	12 613 456	(61 199 289)
Total Net Assets	1 675 314 157	(24 873 870)	1 650 440 287	1 716 801 810	66 361 523
STATEMENT OF FINANCIAL PERFORMANCE					
Revenue					
Government Grants and Subsidies - Capital	261 663 000	16 695 000	278 358 000	248 297 169	(30 060 831)
Government Grants and Subsidies - Operating	335 199 000	(4 665 000)	330 534 000	314 816 629	(15 717 371)
Actuarial Gains	-	-	-	6 494 957	6 494 957
Service Charges	67 477 747	-	67 477 747	91 671 035	24 193 288
Government Services	11 506 000	-	11 506 000	10 105 896	(1 400 104)
Interest Earned - External Investments	3 368 000	-	3 368 000	3 309 457	(58 544)
Interest Earned - Outstanding Debtors	2 866 317	-	2 866 317	24 092 370	21 226 053
Other Income	1 368 957	8 000	1 376 957	968 975	(407 982)
Total Revenue	683 449 021	12 038 000	695 487 021	699 756 488	4 269 467
Expenditure					
Employee Related Costs	189 901 987	46 000 557	235 902 544	186 858 916	(49 043 628)
Remuneration of Councillors	6 648 713	-	6 648 713	5 201 912	(1 446 801)
Debt Impairment	20 875 142	-	20 875 142	37 676 466	16 801 324
Impairments	-	-	-	-	-
Depreciation and Amortisation	50 506 566	144 095	50 650 661	48 515 733	(2 134 928)
Repairs and Maintenance	29 290 617	(11 530 296)	17 760 321	12 056 066	(5 704 255)
Finance Charges	2 255 323	3 550 000	5 805 323	5 916 126	110 803
Contracted services	8 629 000	8 571 000	17 200 000	14 441 985	(2 758 015)
Bulk Purchases	4 264 273	(6 600)	4 257 673	4 163 900	(93 773)
Grants and Subsidies Paid	10 192 978	502 741	10 695 719	7 369 603	(3 326 116)
Inventory Adjustments	46 000	(26 000)	20 000	-	(20 000)
Operating Grant Expenditure	70 533 690	6 784 362	77 318 052	71 608 412	(5 709 640)
Emergency Drought Relief	1 026 000	(726 000)	300 000	321 930	21 930
General Expenses	100 696 469	(1 217 521)	99 478 948	84 987 964	(14 490 984)
Loss on disposal of Property, Plant and Equipment	-	-	-	575 578	575 578
Total Expenditure	494 866 758	52 046 338	546 913 096	479 694 591	(67 218 505)
Net surplus for the year	188 582 263	(40 008 338)	148 573 925	220 061 897	71 487 972
CASH FLOW STATEMENT					
Net Cash Flow from Operating Activities	259 671 000	52 666 000	312 337 000	224 755 086	(87 581 914)
Net Cash Flow from Investing Activities	(278 436 000)	(17 948 000)	(296 384 000)	(227 354 534)	69 029 466
Net Cash Flow from Financing Activities	5 910 000	(9 104 000)	(3 194 000)	(3 309 878)	(115 878)
Net increase/(decrease) in cash and cash equivalents	(12 855 000)	25 614 000	12 759 000	(5 909 327)	(18 668 327)

JOE GQABI DISTRICT MUNICIPALITY

STATEMENT OF COMPARISION OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2017

OPERATING EXPENDITURE BY VOTE

Management Services	49 320 557	4 986 081	54 306 638	45 798 575	(8 508 063)
Financial Services	74 821 254	(1 931 561)	72 889 693	69 088 689	(3 801 004)
Corporate Services	59 058 040	(11 039 037)	48 019 003	45 584 973	(2 434 030)
Technical Services	261 767 546	53 755 787	315 523 333	270 346 238	(45 177 095)
Community Services	49 899 361	6 275 068	56 174 429	48 831 971	(7 342 458)
	494 866 758	52 046 338	546 913 096	479 650 445	(67 262 651)

CAPITAL EXPENDITURE BY VOTE

Management Services	2 533 000	67 000	2 600 000	-	(2 600 000)
Financial Services	2 200 000	(2 000 000)	200 000	-	(200 000)
Corporate Services	735 000	698 000	1 433 000	1 299 703	(133 297)
Technical Services	270 267 000	(4 657 000)	265 610 000	226 054 711	(39 555 289)
Community Services	3 001 000	(3 001 000)	-	-	-
	278 736 000	(8 893 000)	269 843 000	227 354 414	(42 488 586)

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The consolidated financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's consolidated financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the consolidated financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the consolidated financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These consolidated financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the consolidated financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the consolidated financial statements. The principal amendments to matters disclosed in the current consolidated financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the consolidated financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. CONSOLIDATED FINANCIAL STATEMENTS

The Economic Entity's consolidated financial statements incorporate the financial statements of the parent entity, Joe Gqabi District Municipality, and its municipal entity, Joe Gqabi Economic Development Agency (SoC) Ltd, presented as a single entity and consolidated at the same reporting date as the parent entity.

Municipal entities are all controlled entities over which the Municipality has ownership control or effective control to govern the financial and operating policies of such controlled entities so as to benefit from its activities.

All inter-entity transactions and balances, unrealized gains and losses within the Economic Entity are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

1.8. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2013 to 30 June 2014. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the consolidated financial statements.

Explanations for material differences between the final budget amounts and actual amounts are included in the Notes to the consolidated financial statements.

JOE GQABI DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.9. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Economic Entity:

Standard	Description	Effective Date
GRAP 1 (May 2015)	Presentation of Financial Statements	1 April 2016
GRAP 16 (May 2015)	Investment Property	1 April 2016
GRAP 17 (May 2015)	Property, Plant and Equipment	1 April 2016
GRAP 31 (May 2015)	Intangible Assets	1 April 2016
GRAP 103 (May 2015)	Heritage Assets	1 April 2016

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.10. LEASES

1.10.1 Economic Entity as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Economic Entity. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Economic Entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Economic Entity recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Economic Entity as Lessor

Under a finance lease, the Economic Entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Economic Entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Economic Entity recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Economic Entity until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Economic

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Entity's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

1.13. PROVISIONS

Provisions are recognised when the Economic Entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Economic Entity has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Economic Entity has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

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If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.14. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Economic Entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.14.1 Post Retirement Medical Obligations

The Economic Entity provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.2 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Economic Entity. The Economic Entity's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the

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period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.3 Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Economic Entity's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Economic Entity are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.14.4 Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee. Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.14.5 Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.14.6 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.14.7 Pension and retirement fund obligations

The Economic Entity provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Economic Entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting

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for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.14.8 Other Short-term Employee Benefits

When an employee has rendered service to the Economic Entity during a reporting period, the Economic Entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Economic Entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.15. PROPERTY, PLANT AND EQUIPMENT

1.15.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Economic Entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Economic Entity expects to use them during more than one period. Similarly, if the

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major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.15.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Economic Entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.15.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Water	7 – 118	Special Vehicles	10 – 16
Sewerage	8 – 101	Motor vehicles	5 – 17
		Office Equipment	5 – 15
<u>Land and Buildings</u>		Furniture and Fittings	7 – 20
Buildings	20 – 30	Tool and Equipment	5 – 15
		Computer Equipment	3 – 17
		Fire Engines	5 – 12
		Plant and Equipment	15 – 20
		Leasehold Improvements	20

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.15.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property,

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plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.16. INTANGIBLE ASSETS

1.16.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Economic Entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Economic Entity intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Economic Entity or from other rights and obligations.

The Economic Entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Economic Entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Economic Entity intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Economic Entity has the resources to complete the project;
- it is probable that the Economic Entity will receive future economic benefits or service potential; and
- the Economic Entity can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.16.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.16.3 Amortisation and Impairment

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Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	3 -10

1.16.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17. INVESTMENT PROPERTY

1.17.1 Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Economic Entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Economic Entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Economic Entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.17.3 Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	20 - 30

1.17.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.18.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Economic Entity estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Economic Entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Economic Entity operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

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(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Economic Entity estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.18.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Economic Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for

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an asset is required, the Economic Entity estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Economic Entity considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Economic Entity operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Economic Entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

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- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit.

The Economic Entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Economic Entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.19. INVENTORIES

1.19.1 Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Economic Entity, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Economic Entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.19.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of

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cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.20.1 Initial Recognition

Financial instruments are initially recognised when the Economic Entity becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Economic Entity, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.20.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.20.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

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For amounts due from debtors carried at amortised cost, the Economic Entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Economic Entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Economic Entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.20.2.2 *Payables and Annuity Loans*

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.20.2.3 *Cash and Cash Equivalents*

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Economic Entity categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

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1.20.2.4 Non-Current Investments

Investments which include investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.20.3 **De-recognition of Financial Instruments**

1.20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Economic Entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Economic Entity has transferred substantially all the risks and rewards of the asset, or (b) the Economic Entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Economic Entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Economic Entity's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Economic Entity could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Economic Entity's continuing involvement is the amount of the transferred asset that the Economic Entity may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Economic Entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.20.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.20.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.21. REVENUE

1.21.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Economic Entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Economic Entity. Where public contributions have been received, but the Economic Entity has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Economic Entity.

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All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Economic Entity's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Economic Entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.21.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Economic Entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Economic Entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Economic Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Economic Entity.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Economic Entity has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Economic Entity does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Economic Entity was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

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Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Economic Entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Economic Entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.22 TRANSFER OF FUNCTION (Economic Entity as the acquirer)

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A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an Economic Entity's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Economic Entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Economic Entity or from other rights and obligations.

The Economic Entity accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Economic Entity);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Economic Entity recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Economic Entity and the acquiree (or its former owners) agreed in the binding arrangement.

The Economic Entity measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Economic Entity subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.23. RELATED PARTIES

The Economic Entity resolved to adopt the disclosure requirements as per GRAP 20 – "Related Party Disclosures".

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

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The following are regarded as related parties of the Economic Entity:

- (a) A person or a close member of that person's family is related to the Economic Entity if that person:
 - has control or joint control over the Economic Entity.
 - has significant influence over the Economic Entity. Significant influence is the power to participate in the financial and operating policy decisions of the Economic Entity.
 - is a member of the management of the Economic Entity or its controlling entity.
- (b) An entity is related to the Economic Entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Economic Entity or an entity related to the Economic Entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Economic Entity. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Economic Entity, including:

- (a) all members of the governing body of the Economic Entity;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Economic Entity; and
- (d) the senior management team of the Economic Entity, including the chief executive officer or permanent head of the Economic Entity, unless already included in (a).

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Management personnel include:

- (a) All directors or members of the governing body of the Economic Entity, being the Executive Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Economic Entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Economic Entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Economic Entity for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Economic Entity.

The Economic Entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.24. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Economic Entity's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Economic Entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Economic Entity does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.28. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Economic Entity's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated financial statements:

1.28.1 *Post retirement medical obligations, Long service awards and Ex gratia gratuities*

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the consolidated financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.28.2 *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.28.3 *Property, Plant and Equipment*

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based

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on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings. The Economic Entity also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

1.28.4 Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Economic Entity and other municipalities to determine the useful life of the assets.

1.28.5 Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Economic Entity referred to buildings in other municipal areas to determine the useful life of buildings.
- The Economic Entity also consulted with professional engineers and qualified valuers to support the useful life of buildings.

1.28.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.28.7 Revenue Recognition

Accounting Policy 1.21.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.21.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Economic Entity.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Economic Entity, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Economic Entity is satisfied that recognition of the revenue in the current year is appropriate.

1.28.8 Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.28.9 Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.29. SOUTH AFRICAN REVENUE SERVICES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.30. CAPITAL COMMITMENTS

Capital commitments disclosed in the consolidated financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.31. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the consolidated financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Economic Entity discloses the nature and an estimate of the financial effect.

1.32 BORROWING COSTS

The Economic Entity recognises all borrowing costs as an expense in the period in which they are incurred.

1.33 TAXATION

1.33.1 *Current tax assets and liabilities*

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.33.2 *Deferred tax assets and liabilities*

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.33.3 *Tax expenses*

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

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	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
2 INVENTORY				
Fuel and oil – at cost	465 628	585 962	465 628	585 962
Stationery and materials - at cost	804 267	960 835	804 267	960 835
Spare parts - at cost	1 206 101	1 238 935	1 206 101	1 238 935
Water stock - net realisable value	424 072	392 108	424 072	392 108
Total Inventory	2 900 069	3 177 840	2 900 069	3 177 840
Consumable stores materials (gains)/losses identified during stock counts Inventory recognised as an expense during the year	4 305 557	6 058 898	4 305 557	6 058 898
No inventory was pledged as security.				
Inventory Adjustments made for the year	(44 146)	(5 230)	(44 146)	(5 230)
Fuel were purchased on a needs basis as from March 2017 resulting in the decrease on the inventory recognised as an expense during the year.				
3 CASH AND CASH EQUIVALENTS				
Primary Bank Account	(5 670 396)	(2 438 343)	(5 672 687)	(2 615 344)
Call and short-term investments deposits	2 754 339	5 338 167	2 155 106	5 020 590
Cash floats	300	16 300	300	16 300
Petty cash	29 500	-	29 500	-
Total	(2 886 258)	2 916 123	(3 487 782)	2 421 545
Due to the short term nature of cash deposits, all balances included above is in line with their fair value. Cash and Cash Equivalents are disclosed as follow:				
Current assets	2 784 139	5 354 467	2 184 906	5 036 890
Current liability	(5 670 396)	(2 438 343)	(5 672 687)	(2 615 344)
Primary Bank Account:				
ABSA Bank - Barkly East Branch - 2380000019 (Municipality)				
Bank statement balance - Opening balance			4 341 332	262 119
Bank statement balance - Closing balance			1 158 163	4 341 332
Cashbook balance - Opening balance			(2 615 344)	
Cashbook balance - Closing balance			(5 672 687)	(2 615 344)
ABSA Bank - Barkly East Branch - 4078803628 (Entity)				
Bank statement balance - Opening balance			370 337	4 093
Bank statement balance - Closing balance			177 001	370 337
Cashbook balance - Opening balance			370 337	4 093
Cashbook balance - Closing balance			177 001	370 337
Call Deposits				
ABSA - Acc no 9084169245 - MIG	480 902	124 222	480 902	124 222
ABSA - Acc no 9185426744 - General Fund Operational Funds	300 567	282 365	300 567	282 365
ABSA - Acc no 9072226158 - Public Works Special Programme	36 077	33 914	36 077	33 914
ABSA - Acc no 9122637071 - Wetlands Projects	612 504	1 635 718	612 504	1 635 718
ABSA - Acc no 9270029895 - Environmental Affairs Mazibuyele Emasasweni	240 036	1 335 130	240 036	1 335 130
ABSA - Acc no 9276836949 - Joe Gqabi Capital Purchasing	485 019	1 609 241	485 019	1 609 241
ABSA - Acc no 9275708888 - JoGEDA	14 112	13 338	-	-
ABSA - Liquidity Plus	585 121	304 239	-	-
	2 754 339	5 338 167	2 155 106	5 020 590

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
5 RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Water	162 768 256	177 332 535	162 768 256	177 332 535
Sewerage	74 924 568	64 997 276	74 924 568	64 997 276
Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	-	-
Local Municipalities	17 056 184	18 518 876	17 056 184	18 518 876
Gariep Local Municipality	-	10 077 396	-	10 077 396
Elundini Local Municipality	-	1 462 692	-	1 462 692
Maletswai Local Municipality	-	6 978 788	-	6 978 788
Walter Sisulu Local Municipality	17 056 184	-	17 056 184	-
Other Receivables	5 063 696	7 884 270	5 042 735	7 864 404
Working for Wetlands	-	2 097 266	-	2 097 266
Working for water	-	1 224 935	-	1 224 935
Deposits	157 421	157 421	144 961	144 961
Other Debtors	1 525 619	1 358 069	1 518 213	1 350 663
Staff Debtors	283 278	211 823	282 183	211 823
Pensioners	2 063 842	1 801 220	2 063 842	1 801 220
Expenses paid in advance	1 033 537	1 033 537	1 033 537	1 033 537
Less: Allowance for Doubtful Debts	259 812 704 (142 801 013)	268 732 958 (208 955 128)	259 791 743 (142 799 607)	268 713 091 (208 947 722)
Total Net Receivables from Exchange Transactions	117 011 691	59 777 830	116 992 136	59 765 369
Balance previously reported		60 008 083		59 995 623
Sanitation billing correction		(87 421)		(87 421)
Water billing correction		(76 214)		(76 214)
Elundini Local Municipality correction		(66 618)		(66 618)
		<u>59 777 830</u>		<u>59 765 369</u>
Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.				
Both Maletswai Local Municipality, Elundini and Gariep Local Municipality owe the Economic Entity for revenue received for water and sanitation as per the billing agreement.				
Reconciliation of the Total Doubtful Debt Provision				
Balance at beginning of the year	208 955 128	144 595 292	208 947 722	144 595 292
Contributions to provision	44 910 409	64 359 835	44 916 410	70 896 695
Doubtful debts written off against provision	(111 064 524)	-	(111 064 524)	(6 544 266)
Balance at end of year	142 801 013	208 955 127	142 799 608	208 947 722
Water	84 823 306	137 005 075	84 823 306	137 005 075
Sewerage	40 521 739	54 488 085	40 521 739	54 488 085
Local Municipalities	15 409 620	15 409 620	15 409 620	15 409 620
Other Receivables	2 046 349	2 052 349	2 044 943	2 044 943

Concentrations of credit risk with respect to receivables are limited due to the Economic Entity's large number of customers as administered by the local municipalities. The Economic Entity's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Economic Entity's trade receivables.

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

Municipality

2017

Water	162 768 256	(84 823 306)	77 944 950
Sewerage	74 924 568	(40 521 739)	34 402 829
Local Municipalities	17 056 184	(15 409 620)	1 646 564
Other Receivables	5 042 735	(2 044 942)	2 997 793
Total	259 791 743	(142 799 607)	116 992 136

2016

Water	177 332 535	(137 005 075)	40 327 460
Sewerage	64 997 276	(54 488 085)	10 509 192
Local Municipalities	18 518 876	(15 409 620)	3 109 256
Other Receivables	7 864 404	(2 044 942)	5 819 462
Total	268 713 091	(208 947 722)	59 765 370

Economic Entity

2017

Water	162 768 256	(84 823 306)	77 944 950
Sewerage	74 924 568	(40 521 739)	34 402 829
Local Municipalities	17 056 184	(15 409 620)	1 646 564
Other Receivables	5 063 696	(2 046 349)	3 017 347
Total	259 812 704	(142 801 014)	117 011 690

2016

Water	177 332 535	(137 005 075)	40 327 460
Sewerage	64 997 276	(54 488 085)	10 509 192
Local Municipalities	18 518 876	(15 409 620)	3 109 256
Other Receivables	7 884 270	(2 052 348)	5 831 922
Total	268 732 958	(208 955 128)	59 777 830

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

Ageing of Receivables from Exchange Transactions

	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
<u>Water:</u>				
Current (0 - 30 days)	8 961 293	9 587 411	8 961 293	9 587 411
31 - 60 Days	7 780 832	6 969 174	7 780 832	6 969 174
61 - 90 Days	7 575 219	7 166 651	7 575 219	7 166 651
91 - 120 Days	6 715 158	5 691 074	6 715 158	5 691 074
121 - 150 Days	5 439 680	4 726 081	5 439 680	4 726 081
150+ Days	126 296 073	143 192 144	126 296 073	143 192 144
Total	162 768 256	177 332 535	162 768 256	177 332 535

Sewerage:

Current (0 - 30 days)	3 819 891	3 875 115	3 819 891	3 875 115
31 - 60 Days	3 297 112	2 386 625	3 297 112	2 386 625
61 - 90 Days	3 129 102	2 103 757	3 129 102	2 103 757
91 - 120 Days	3 175 494	1 801 785	3 175 494	1 801 785
121 - 150 Days	2 902 702	1 549 931	2 902 702	1 549 931
150+ Days	58 600 266	53 280 063	58 600 266	53 280 063
Total	74 924 568	64 997 276	74 924 568	64 997 276

Other Receivables: Ageing

Current (0 - 30 days)	1 095	2 097 266		2 097 266
31 - 60 Days		-		-
61 - 90 Days		-		-
+ 90 Days	22 118 786	5 787 004	22 098 920	5 767 138
Total	22 119 881	7 884 270	22 098 920	7 864 404

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
6 SOUTH AFRICAN REVENUE SERVICES				
VAT Receivable	14 494 957	5 920 611	14 323 309	5 324 698
VAT Payable	-	-	-	-
VAT output on Grants and Subsidies paid	1 043 572	214 922		
VAT Input in Suspense	26 530 765	17 583 581	26 530 765	17 583 581
VAT Output in Suspense	(21 211 837)	(32 614 737)	(21 211 837)	(32 614 737)
Less: VAT on Provision for Debt Impairment	12 584 579	19 332 287	12 584 579	19 332 287
Total South African Revenue Services	33 442 037	10 436 664	32 226 817	9 625 829
Balance previously reported		(3 589 634)		(3 589 634)
Recognition of the VAT portion included in the provision of bad debt 2015/2016		13 215 463		13 215 463
Restated balance as at 30 June 2016		9 625 829		9 625 829
Disclosed as follow:				
Current Liabilities from Exchange Transactions	-	-	-	-
Current Assets from Exchange Transactions	33 442 037	10 436 664	32 226 817	9 625 829
Reconciliation of VAT on Provision for Debt Impairment				
Opening balance	19 332 287	6 116 823	19 332 287	6 116 823
Debt Impairment for current year - note 27	7 239 943	13 215 463	7 239 943	13 215 463
Closing balance	26 572 230	19 332 287	26 572 230	19 332 287
7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS				
National Government Grants	5 118 448	1 002 558	5 118 448	1 002 558
Provincial Government Grants	2 239 808	84 681	2 239 808	13 607
Other Grant Providers	75 145	285 766	75 145	-
Unspent Grants	7 433 400	1 373 005	7 433 400	1 016 165
National Government Grants	(15 253 037)	(13 765 027)	(15 253 037)	(13 765 027)
Provincial Government Grants	(6 910 514)	(14 990 342)	(6 910 514)	(14 990 342)
Other Grant Providers	-	(14 616)	-	(14 616)
Less: Unpaid Grants	(22 163 551)	(28 769 984)	(22 163 551)	(28 769 984)
Total Conditional Grants and Receipts	(14 730 150)	(27 396 979)	(14 730 150)	(27 753 818)
Balance previously reported 30 June 2016		(30 258 897)		(30 258 897)
Correction of overstatement of grant income recognised on MIG 2015/2016		2 505 079		2 505 079
Restated balance as at 30 June 2016		(27 753 818)		(27 753 818)

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

8 PROPERTY, PLANT AND EQUIPMENT

ECONOMIC ENTITY

30 JUNE 2017

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation						Carrying Value
	Transfers and non-exchange additions					Closing Balance	Transfers and non-exchange additions					Closing Balance	
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Depreciation Charge		Impairment	Disposals					
R	R	R	R	R	R	R	R	R	R	R	R		
Land and Buildings	17 682 048	105 446	-	-	-	17 787 494	5 357 959	-	582 480	-	-	5 940 439	11 847 055
Land	2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	-	2 043 000
Buildings	15 639 048	105 446	-	-	-	15 744 494	5 357 959	-	582 480	-	-	5 940 439	9 804 055
Infrastructure	1 769 909 161	225 949 265	-	(880 418)	-	1 994 978 008	310 145 557	-	43 417 692	-	(574 708)	352 988 542	1 641 989 466
Sewerage network	322 217 928	-	-	-	10 129 451	332 347 379	72 272 067	-	10 265 695	-	-	82 537 762	249 809 617
Water network	1 108 141 897	-	-	(880 418)	62 223 770	1 169 485 250	237 873 491	-	33 151 997	-	(574 708)	270 450 780	899 034 470
Work in Progress	339 549 335	225 949 265	-	-	(72 353 221)	493 145 379	-	-	-	-	-	-	493 145 379
Other Assets	44 606 751	1 359 688	-	(969 699)	-	44 996 739	22 793 346	-	3 987 018	-	(611 963)	26 168 402	18 828 338
Office Equipment	2 365 519	54 313	-	(14 236)	-	2 405 596	1 690 250	-	138 397	-	(12 671)	1 815 976	589 620
Furniture & Fittings	3 859 923	45 456	-	(124 212)	-	3 781 167	2 755 828	-	151 942	-	(114 732)	2 793 038	988 130
Motor Vehicles	16 580 300	922 252	-	(35 000)	-	17 467 552	7 540 922	-	2 269 416	-	(31 363)	9 778 974	7 688 578
Fire Engines	8 924 094	-	-	-	-	8 924 094	6 192 206	-	668 360	-	-	6 860 566	2 063 528
Computer Equipment	3 031 228	287 670	-	(177 064)	-	3 141 834	1 332 855	-	154 576	-	(69 111)	1 418 320	1 723 513
Special Vehicles	4 740 485	-	-	(510 800)	-	4 229 685	1 386 324	-	335 379	-	(347 078)	1 374 624	2 855 061
Tools and Equipment	5 105 201	49 997	-	(108 387)	-	5 046 811	1 894 961	-	268 948	-	(37 007)	2 126 902	2 919 909
	1 832 197 959	227 414 399	-	(1 850 117)	-	2 057 762 241	338 296 862	-	47 987 190	-	(1 186 671)	385 097 382	1 672 664 859

30 JUNE 2016

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation						Carrying Value
	Transfers and non-exchange additions					Closing Balance	Transfers and non-exchange additions					Closing Balance	
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Depreciation Charge		Impairment	Disposals					
	R	R	R	R	R	R	R	R	R	R	R	R	
Land and Buildings	17 682 048	-	-	-	-	17 682 048	4 773 883	-	584 076	-	-	5 357 959	12 324 090
Land	2 043 000	-	-	-	-	2 043 000	-	-	-	-	-	-	2 043 000
Buildings	15 639 048	-	-	-	-	15 639 048	4 773 883	-	584 076	-	-	5 357 959	10 281 090
Infrastructure	1 591 683 127	179 166 956	-	(940 923)	-	1 769 909 161	269 747 585	-	41 058 379	-	(660 407)	310 145 557	1 459 763 603
Sewerage network	321 278 200	-	-	-	939 728	322 217 928	62 564 209	-	9 707 858	-	-	72 272 067	249 945 861
Water network	1 017 693 712	-	-	(940 923)	91 389 109	1 108 141 897	207 183 376	-	31 350 521	-	(660 407)	237 873 491	870 268 407
Work in Progress	252 711 215	179 166 956	-	-	(92 328 836)	339 549 335	-	-	-	-	-	-	339 549 335
Other Assets	45 296 214	482 168	-	(1 180 055)	-	44 598 328	19 024 726	-	4 223 735	290 493	(745 608)	22 793 346	21 804 981
Office Equipment	2 359 314	12 800	-	(6 595)	-	2 365 519	1 474 857	-	219 313	-	(3 920)	1 690 250	675 269
Furniture & Fittings	3 642 004	217 919	-	-	-	3 859 923	2 568 950	-	186 878	-	-	2 755 828	1 104 095
Motor Vehicles	17 030 368	-	-	(450 067)	-	16 580 300	5 025 633	-	2 341 009	290 493	(116 214)	7 540 922	9 039 379
Fire Engines	8 924 094	-	-	-	-	8 924 094	5 497 001	-	695 205	-	-	6 192 206	2 731 888
Computer Equipment	3 388 454	184 925	-	(542 151)	-	3 031 228	1 719 612	-	143 114	-	(529 871)	1 332 855	1 698 372
Special Vehicles	4 850 274	-	-	(109 789)	-	4 740 485	1 073 283	-	392 143	-	(79 102)	1 386 324	3 354 161
Lease hold improvements	70 651	-	-	(70 651)	-	-	16 164	-	-	-	(16 164)	-	-
Tools and Equipment	5 039 478	66 525	-	(802)	-	5 105 201	1 649 226	-	246 072	-	(337)	1 894 961	3 210 240
	1 654 661 390	179 649 125	-	(2 120 978)	-	1 832 189 536	293 546 194	-	45 866 190	290 493	(1 406 014)	338 296 862	1 493 892 674

There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There has been an impairment identified for Property, Plant and Equipment to the value of R290 493. No Property, Plant and Equipment are pledged as security for liabilities.

There has been no change in the method of depreciation and it is consent with the prior year.

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

8 PROPERTY, PLANT AND EQUIPMENT

MUNICIPALITY

30 JUNE 2017

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation						Carrying Value	
	Transfers and non-exchange additions					Transfers and non-exchange additions							
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Closing Balance	Opening Balance	Depreciation Charge	Impairment	Disposals	Closing Balance			
R	R	R	R	R	R	R	R	R	R	R			
Land and Buildings	17 682 048	105 446	-	-	17 787 494	5 357 959	-	582 480	-	5 940 439	11 847 055		
Land	2 043 000	-	-	-	2 043 000	-	-	-	-	-	2 043 000		
Buildings	15 639 048	105 446	-	-	15 744 494	5 357 959	-	582 480	-	5 940 439	9 804 055		
Infrastructure	1 769 909 163	225 949 265	-	(880 418)	1 994 978 011	310 145 557	-	43 417 692	-	(574 708)	352 988 542	1 641 989 469	
Sewerage network	322 217 928				10 129 451	332 347 379	-	10 265 695	-	82 537 762	249 809 617		
Water network	1 108 141 897			(880 418)	62 223 770	1 169 485 250	-	33 151 997	-	(574 708)	270 450 780	899 034 470	
Work in Progress	339 549 338	225 949 265			(72 353 221)	493 145 382	-	-	-	-	-	493 145 382	
Other Assets	42 233 922	1 299 823	-	(802 716)	-	42 731 029	22 164 309	-	3 810 781	-	(532 727)	25 442 363	17 288 666
Office Equipment	2 299 784	48 450		(10 468)	2 337 765	1 650 206	-	131 384		(9 277)	1 772 313	565 453	
Furniture & Fittings	3 696 344	7 281		(113 570)	3 590 055	2 667 963	-	133 950		(107 405)	2 694 508	895 547	
Motor Vehicles	16 580 300	922 252		(35 000)	17 467 552	7 540 922	-	2 269 416		(31 363)	9 778 975	7 688 577	
Fire Engines	8 924 094				8 924 094	6 192 206	-	668 360		-	6 860 566	2 063 528	
Computer Equipment	2 912 507	271 843		(132 878)	3 051 471	1 248 557	-	141 330		(37 603)	1 352 284	1 699 187	
Special Vehicles	4 740 485			(510 800)	4 229 685	1 386 323	-	335 379		(347 078)	1 374 624	2 855 061	
Tools and Equipment	3 080 408	49 997			3 130 406	1 478 131	-	130 962		-	1 609 093	1 521 313	
	1 829 825 134	227 354 534	-	(1 683 134)	2 055 496 534	337 667 825	-	47 810 953	-	(1 107 435)	384 371 344	1 671 125 190	

30 JUNE 2016

Reconciliation of Carrying Value

	Cost						Accumulated Depreciation						Carrying Value
	Transfers and non-exchange additions					Closing Balance	Transfers and non-exchange additions					Closing Balance	
	Opening Balance	Additions	Disposals	Transfer to Capital Assets	Depreciation Charge		Impairment	Disposals					
R	R	R	R	R	R	R	R	R	R	R	R		
Land and Buildings	17 682 048	-	-	-	17 682 048	4 773 883	-	584 076	-	5 357 959	12 324 090		
Land	2 043 000	-	-	-	2 043 000	-	-	-	-	-	2 043 000		
Buildings	15 639 048	-	-	-	15 639 048	4 773 883	-	584 076	-	5 357 959	10 281 090		
Infrastructure	1 591 683 127	179 166 959	-	(940 923)	1 769 909 163	269 747 585	-	41 058 379	-	(660 407)	310 145 557	1 459 763 606	
Sewerage network	321 278 200	-	-	-	322 217 928	62 564 209	-	9 707 858	-	-	72 272 067	249 945 861	
Water network	1 017 693 712	-	-	(940 923)	91 389 109	1 108 141 897	-	31 350 521	-	(660 407)	237 873 491	870 268 407	
Work in Progress	252 711 215	179 166 959	-	-	(92 328 836)	339 549 338	-	-	-	-	-	339 549 338	
Other Assets	42 863 580	471 159	-	(1 100 817)	-	42 233 922	18 532 932	-	4 065 494	290 493	(724 611)	22 164 309	20 069 613
Office Equipment	2 286 984	12 800	-	-	-	2 299 784	1 443 577	-	206 629	-	-	1 650 206	649 577
Furniture & Fittings	3 478 425	217 919	-	-	-	3 696 344	2 523 667	-	144 296	-	-	2 667 963	1 028 381
Motor Vehicles	17 030 367	-	-	(450 067)	-	16 580 300	5 025 633	-	2 341 009	290 493	(116 214)	7 540 922	9 039 378
Fire Engines	8 924 094	-	-	-	-	8 924 094	5 497 001	-	695 205	-	-	6 192 206	2 731 888
Computer Equipment	3 279 552	173 916	-	(540 961)	-	2 912 507	1 636 581	-	141 271	-	(529 295)	1 248 557	1 663 949
Special Vehicles	4 850 274	-	-	(109 789)	-	4 740 485	1 073 283	-	392 143	-	(79 102)	1 386 323	3 354 162
Tools and Equipment	3 013 884	66 525	-	-	-	3 080 408	1 333 191	-	144 940	-	-	1 478 131	1 602 277
	1 652 228 756	179 638 118	-	(2 041 740)	-	1 829 825 134	293 054 400	-	45 707 949	290 493	(1 385 017)	337 667 825	1 492 157 309

There are no assets fully depreciated which is still in use or any assets held for disposal or any temporary idle assets as on date of financial position. There has been an impairment identified for Property, Plant and Equipment to the value of R290 493. No Property, Plant and Equipment are pledged as security for liabilities.

There has been no change in the method of depreciation and it is consent with the prior year.

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING
30 JUNE 2017**

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
9 INVESTMENT PROPERTY				
Net Carrying amount at 1 July	3 653 664	3 696 648	2 533 755	2 575 461
Cost	5 149 891	5 149 891	2 883 357	2 883 357
Accumulated Depreciation	(383 699)	(340 715)	(349 602)	(307 896)
Accumulated Impairment	(1 112 528)	(1 112 528)	-	-
Additions	-	-	-	-
Depreciation for the year	(257 939)	(42 983)	(256 580)	(41 705)
Impairment	-	-	-	-
Net Carrying amount at 30 June	3 395 725	3 653 665	2 277 175	2 533 755
Cost	5 149 891	5 149 891	2 883 357	2 883 357
Accumulated Depreciation	(641 638)	(383 698)	(606 182)	(349 602)
Accumulated Impairment	(1 112 528)	(1 112 528)	-	-
Revenue derived from the rental of investment property.	15 232	45 414	15 232	45 414
No operating expenditure was incurred on investment property during the 2015/2016 and 2016/2017 financial years.				
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.				
There are no contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance or enhancements.				
10 INTANGIBLE ASSETS				
Computer Software				
Net Carrying amount at 1 July	1 368 088	1 798 866	1 349 221	1 798 866
Cost	4 420 914	4 398 476	4 395 576	4 395 576
Accumulated Amortisation	(3 052 826)	(2 599 610)	(3 046 355)	(2 596 710)
Additions and transfers from work in progress	-	22 438	-	-
Amortisation	(453 157)	(453 216)	(448 200)	(449 644)
Net Carrying amount at 30 June	914 931	1 368 088	901 022	1 349 221
Cost	4 420 914	4 420 914	4 395 576	4 395 576
Accumulated Amortisation	(3 505 983)	(3 052 826)	(3 494 554)	(3 046 355)
No intangible assets were assessed as having an indefinite useful life. There are no internally generated intangible assets at the reporting date. There are no intangible assets whose title is restricted and no intangible assets are pledged as security for liabilities.				
11 NON-CURRENT INVESTMENTS				
Financial Instruments				
Fixed Deposits	1 583 453	1 489 452	1 583 453	1 489 452
Unlisted				
Municipal Entity - Joe Gqabi Economic Development Agency (Soc) Ltd	-	-	1 894 055	1 894 055
Cost	-	-	6 886 141	6 886 141
Provision for Impairment	-	-	(4 992 086)	(4 992 086)
Total Non-Current Investments	1 583 453	1 489 452	3 477 508	3 383 507
Balance previously reported		1 411 026		3 305 081
Correction on the Fixed deposit on short interest capitalised for 15/16		78 426		78 426
		1 489 452		3 383 507

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING
30 JUNE 2017**

			ECONOMIC ENTITY		MUNICIPALITY	
			2017	2016	2017	2016
			R	R	R	R
<p>Fixed Deposits are investments with a maturity period of more than 12 months and an average interest rate of 9.13% per annum. (2016 - 9.13%). Interest rates are considered to be market related. The carrying amount of these fixed deposits approximates their fair value.</p> <p>Investments are made in terms of the Economic Entity's Cash Management and Investment Policy, as required by Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.</p>						
Fixed deposit consist of the following accounts:						
ABSA	- Acc no 660000135	- Building - DBSA Loan	1 583 453	1 489 452	1 583 453	1 489 452
			<u>1 583 453</u>	<u>1 489 452</u>	<u>1 583 453</u>	<u>1 489 452</u>
The fixed deposit serve as collateral security for the DBSA Building loan as per note 2.						

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

12

EMPLOYEE BENEFITS

Post Retirement Medical Obligations - refer to note 3,1
Ex Gratia Gratuities - refer to note 3,2
Long Service Awards - refer to note 3,3

Total Non-current Employee Benefit Liabilities

ECONOMIC ENTITY		MUNICIPALITY	
2017 R	2016 R	2017 R	2016 R
29 838 151	30 876 776	29 838 151	30 876 776
187 418	223 531	187 418	223 531
4 680 638	4 116 329	4 680 638	4 116 329
34 706 207	35 216 636	34 706 207	35 216 636

Post Retirement Medical Obligations

Balance 1 July	32 166 020	28 712 000	32 166 020	28 712 000
Contribution for the year	6 600 291	5 933 289	6 600 291	5 933 289
Expenditure for the year	(1 076 935)	(963 470)	(1 076 935)	(963 470)
Actuarial (Gain)	(6 455 398)	(1 515 799)	(6 455 398)	(1 515 799)

Total post retirement medical obligation 30 June

31 233 978	32 166 020	31 233 978	32 166 020
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Less: Transfer of current portion to Current Employee Benefits - note 4

(1 395 827)	(1 289 244)	(1 395 827)	(1 289 244)
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Balance 30 June

29 838 151	30 876 776	29 838 151	30 876 776
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Ex Gratia Gratuities

Balance 1 July	416 514	389 945	416 514	389 945
Contribution for the year	59 966	90 722	59 966	90 722
Expenditure for the year	(109 438)	(118 423)	(109 438)	(118 423)
Actuarial Gain	8 610	54 270	8 610	54 270

Total ex gratia provision 30 June

375 652	416 514	375 652	416 514
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Less: Transfer of current portion to Current Employee Benefits - note 4

(188 234)	(192 983)	(188 234)	(192 983)
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Balance 30 June

187 418	223 531	187 418	223 531
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JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
<u>Long Service Awards</u>				
Balance 1 July	4 715 680	4 830 341	4 715 680	4 830 341
Contribution for the year	1 076 166	1 112 432	1 076 166	1 112 432
Expenditure for the year	(233 697)	(360 520)	(233 697)	(360 520)
Actuarial (Gain)/Loss	(48 169)	(866 573)	(48 169)	(866 573)
Total long service 30 June	5 509 979	4 715 680	5 509 979	4 715 680
<u>Less:</u> Transfer of current portion to Current Employee Benefits - note 4	(829 341)	(599 351)	(829 341)	(599 351)
Balance 30 June	4 680 638	4 116 329	4 680 638	4 116 329

TOTAL EMPLOYEE BENEFITS

Balance 1 July	37 298 214	33 932 286	37 298 214	33 932 286
Contribution for the year	7 736 423	7 136 443	7 736 423	7 136 443
Expenditure for the year	(1 420 071)	(1 442 413)	(1 420 071)	(1 442 413)
Actuarial (Gain)	(6 494 957)	(2 328 102)	(6 494 957)	(2 328 102)
Total employee benefits 30 June	37 119 609	37 298 214	37 119 609	37 298 214
<u>Less:</u> Transfer of current portion to Current Employee Benefits - note 4	(2 413 402)	(2 081 578)	(2 413 402)	(2 081 578)
Balance 30 June	34 706 207	35 216 636	34 706 207	35 216 636

3,1 Post Retirement Medical Obligations

The Post Retirement Medical Obligation is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	166	175	166	175
Continuation members (e.g. Retirees, widows, orphans)	34	33	34	33
Total Members	200	208	200	208

The Economic Entity makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
LA Health
Hosmed
SAMWU Medical Aid

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ECONOMIC ENTITY			MUNICIPALITY
	2017	2016	2017	2016
	%	%	%	%
Key actuarial assumptions used:				
i) Rate of interest				
Discount rate	9,76	9,11	9,76	9,11
Health Care Cost Inflation Rate	8,03	8,22	8,03	8,22
Net Effective Discount Rate	1,60	0,82	1,60	0,82

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age.

iii) Normal retirement age

The normal retirement age for employees of the Economic Entity is:

Male : 63 years

Female: 58 years

	In-Service Members R	Continuation Members R	Present value of fund obligations R
The liability in respect of past service recognised in the Statement of Financial Position is as follows:			
30 June 2017	19 375 151	10 463 000	29 838 151
30 June 2016	21 320 577	10 845 443	32 166 020
30 June 2015	19 080 662	9 631 382	28 712 044
30 June 2014	16 280 000	9 762 591	26 042 591
30 June 2013	13 959 000	9 893 475	23 852 475
30 June 2012	7 546 000	10 067 224	17 613 224

The Economic Entity has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2017	(1 544 000)	-
30 June 2016	293 000	-
30 June 2015	(875 000)	-
30 June 2014	2 068 000	-
30 June 2013	5 866 000	-
30 June 2012	815 000	-

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	32 166 020	28 712 000	32 166 020	28 712 000
Total contributions	5 523 356	4 969 819	5 523 356	4 969 819
Current service cost	2 601 983	2 413 038	2 601 983	2 413 038
Interest Cost	3 998 308	3 520 251	3 998 308	3 520 251
Benefits Paid	(1 076 935)	(963 470)	(1 076 935)	(963 470)
Actuarial (Gain)/Loss	(6 455 398)	(1 515 799)	(6 455 398)	(1 515 799)
Present value of fund obligation at the end of the year	31 233 978	32 166 020	31 233 978	32 166 020
Less: Transfer of current portion to Current Employee Benefits - note 4	(1 395 827)	(1 289 244)	(1 395 827)	(1 289 244)
Balance 30 June	29 838 151	30 876 776	29 838 151	30 876 776

Sensitivity Analysis on the Current-service and Interest Costs:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		2 507 400	4 087 800	6 595 200	
Health care inflation	+1%	3 129 700	4 790 400	7 920 100	20%
Health care inflation	-1%	2 027 200	3 522 600	5 549 800	-16%
Discount rate	+1%	2 056 200	3 897 200	5 953 400	-10%
Discount rate	-1%	3 096 500	4 294 900	7 391 400	12%
Post-retirement mortality	-1 year	2 587 600	4 240 800	6 828 400	4%
Average retirement age	-1 year	2 580 300	4 366 100	6 946 400	5%
		2017	2016	2017	2016
		%	%	%	%

3.2 Ex Gratia Gratuities

The Ex Gratia Gratuities plans are defined benefit plans. As at year end 39 employees (2013 - 46) were eligible for Ex Gratia Gratuities.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	9,47	9,37	9,47	9,37
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The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	Present value of fund obligations
The liability in respect of past service recognised in the Statement of Financial Position is as follows:	
30 June 2017	375 653
30 June 2016	416 515
30 June 2015	389 945
30 June 2014	438 929
30 June 2013	458 511
30 June 2012	524 447

	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
	Liabilities	Assets	Liabilities	Assets
	(Gain) / Loss	Gain / (Loss)	(Gain) / Loss	Gain / (Loss)
	R	R	R	R

The Economic Entity has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

30 June 2017	9 436		9 436	
30 June 2016	69 127	-	69 127	-
30 June 2015	112 184	-	112 184	-
30 June 2014	(7 526)	-	(7 526)	-
30 June 2013	76 238	-	76 238	-
30 June 2012	91 931	-	91 931	-

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	416 514	389 945	416 514	389 945
Total contributions	(49 472)	(27 701)	(49 472)	(27 701)
Current and past service cost	29 779	66 061	29 779	66 061
Interest Cost	30 187	24 661	30 187	24 661
Benefits Paid	(109 438)	(118 423)	(109 438)	(118 423)
Actuarial (Gain)	8 610	54 270	8 610	54 270
Present value of fund obligation at the end of the year	375 652	416 514	375 652	416 514
Less: Transfer of current portion to Current Employee Benefits - note 4	(188 234)	(192 983)	(188 234)	(192 983)
Present value of fund obligation at the end of the year	187 418	223 531	187 418	223 531

The liability is unfunded.

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

Sensitivity Analysis on the Current-service and Interest Costs:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		29 779	30 187	59 966	
Discount Rate	+1%	28 508	32 432	60 940	2%
Discount Rate	-1%	31 227	27 817	59 044	-2%
Average retirement age	-1 year	40 057	31 128	71 185	19%

3.3 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. Long service awards were calculated for 488 employees (2014 - 502), but they are not all eligible for payment in the same year.

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 %	2016 %	2017 %	2016 %
Key actuarial assumptions used:				
i) Rate of interest				
Discount rate	8,18	8,37	8,18	8,37
General Salary Inflation (long-term)	6,00	7,04	6,00	7,04
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2,06	1,24	2,06	1,24

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping".

	Present value of fund obligations R
The liability in respect of past service recognised in the Statement of Financial Position is as follows:	
30 June 2017	5 509 980
30 June 2016	4 715 680
30 June 2015	4 830 341
30 June 2014	4 391 167
30 June 2013	3 865 395
30 June 2012	2 735 251

The Economic Entity has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
Experience adjustments were calculated as follows:		
30 June 2017	160 071	
30 June 2016	(740 579)	
30 June 2015	577 526	-
30 June 2014	54 616	-
30 June 2013	762 433	-
30 June 2012	325 639	-

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
Reconciliation of present value of fund obligation:				
Present value of fund obligation at the beginning of the year	4 715 680	4 830 341	4 715 680	4 830 341
Total contributions	842 469	751 912	842 469	751 912
Current service cost	706 034	767 171	706 034	767 171
Interest Cost	370 132	345 261	370 132	345 261
Benefits Paid	(233 697)	(360 520)	(233 697)	(360 520)
Actuarial Loss/(Gain)	(48 169)	(866 573)	(48 169)	(866 573)
Present value of fund obligation at the end of the year	5 509 979	4 715 680	5 509 979	4 715 680
Less: Transfer of current portion to Current Employee Benefits - note 4	(829 341)	(599 351)	(829 341)	(599 351)
Balance 30 June	4 680 638	4 116 329	4 680 638	4 116 329
The liability is unfunded.				

Sensitivity Analysis on the Current-service and Interest Costs:

Assumption	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% Change
Central Assumptions		706 000	370 100	1 076 100	
General salary inflation	+1%	748 100	389 400	1 137 500	6%
General salary inflation	-1%	667 400	352 300	1 019 700	-5%
Discount rate	+1%	671 000	392 800	1 063 800	-1%
Discount rate	-1%	744 800	344 600	1 089 400	1%
Average retirement age	-2 years	664 000	341 600	1 005 600	-7%
Average retirement age	+2 years	754 700	398 800	1 153 500	7%
Withdrawal Rate	-50%	882 700	436 500	1 319 200	23%

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

3.4 Retirement Funds

The Cape Retirement Fund is a multi-employer plan. This means that there are multiple local authorities that participate in this fund. In terms of GRAP 25, a multi-employer plan is defined as defined benefit plans. GRAP 25 also states that when insufficient information is available to use defined benefit accounting for a multi-employer plan, the Economic Entity will account for the plan as if it were a defined contribution plan.

The Economic Entity requested detailed employee and pensioner information as well as information on the Economic Entity's share of the Retirement Fund's assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Economic Entity is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Economic Entity's process to value the defined benefit liabilities, the Economic Entity requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data is confidential and were not willing to share the information with the Economic Entity. Without detailed pensioner data the Economic Entity was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Retirement Fund is defined as a defined benefit plan, it will be accounted for as a defined contribution plan.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund was in a sound financial position with a funding level of 100.2% (30 June 2012 - 99.9%).

Contributions paid recognised in the Statement of Financial Performance	9 583 809	8 687 870	9 583 809	8 687 870
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DEFINED CONTRIBUTION FUNDS

Council contributes to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund, SAMWU National Provident Fund and SALA Pension fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

Government Employees Pension Fund	652 408	658 432	652 408	658 432
Municipal Councillors Pension Fund	353 981	419 562	353 981	419 562
IMATU Retirement Fund	616 849	24 959	616 849	24 959
SAMWU National Provident Fund	2 782 427	2 727 685	2 782 427	2 727 685
SALA Pension Fund	1 420 858	1 353 323	1 420 858	1 353 323
	5 826 523	5 183 960	5 826 523	5 183 960

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
13 CURRENT EMPLOYEE BENEFITS				
Staff Bonuses Accrued	5 193 967	4 479 541	5 104 624	4 427 358
Provision for Staff Leave	13 576 908	11 533 164	13 464 815	11 450 111
Provision for Performance Bonuses	3 371 716	4 427 359	3 371 716	4 427 359
Other Provisions	582 342	522 849	582 342	522 849
Current Portion of Non-Current Employee Benefits	2 413 402	2 081 578	2 413 402	2 081 578
Current Portion of Post Retirement Benefits - note 12	1 395 827	1 289 244	1 395 827	1 289 244
Current Portion of Ex Gratia Gratuities - note 12	188 234	192 983	188 234	192 983
Current Portion of Long-Service Awards - note 12	829 341	599 351	829 341	599 351
Total Current Employee Benefits	25 138 333	23 044 492	24 936 899	22 909 255

The movement in current employee benefits is reconciled as follows:

Staff Bonuses Accrued

Balance at beginning of year	4 479 541	4 530 686	4 427 358	4 418 437
Contribution to current portion	10 053 383	8 506 618	9 964 041	8 425 033
Expenditure incurred	(9 338 958)	(8 557 762)	(9 286 775)	(8 416 111)
Balance at end of year	5 193 967	4 479 541	5 104 625	4 427 358

Bonuses are being paid to all municipal staff, excluding Directors Technical Services and Community Services who have structured their packages differently. The balance at year end represents the portion of the bonus that have already vested for the current salary cycle. This bonus will be paid out in November of each year or pro-rata when employment is terminated.

Provision for Staff Leave

Balance at beginning of year	11 533 164	12 551 383	11 450 111	12 430 338
Contribution to current portion	3 385 056	515 272	3 385 056	416 982
Expenditure incurred	(1 341 312)	(1 533 491)	(1 370 351)	(1 397 209)
Balance at end of year	13 576 908	11 533 164	13 464 816	11 450 111

Staff leave is accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance Bonuses

Balance at beginning of year	4 427 359	2 920 609	4 427 359	2 920 609
Contribution to current portion	1 632 097	1 506 750	1 632 097	1 506 750
Expenditure incurred	(2 687 740)	-	(2 687 740)	-
Balance at end of year	3 371 716	4 427 359	3 371 716	4 427 359

Performance bonuses are being provided for and only paid to the Municipal Manager, Directors and middle management after an evaluation of performance by the council. During the year under review, performance bonuses were paid for the 2013/2014 and 2014/2015 financial year and the expenditure reflects above.

Other Provisions

Balance at beginning of year	522 849	433 693	522 849	433 693
Finance charges	59 493	89 156	59 493	89 156
Balance at year end	582 342	522 849	582 342	522 849

Other provisions are non-recurring provisions which consists out of the following at year end:

Shortfall in annual earnings of Cape Joint Pension Fund

It was reported that the established investment return of the fund for the 2009 financial year was -0.94%. Local authorities, including the Economic Entity, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets.

14 CONSUMER DEPOSITS

Water	934 536	890 255	934 536	890 255
Total Consumer Deposits	934 536	890 255	934 536	890 255

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer deposits were transferred from the local Municipalities and not all accounts had consumer deposits. All new accounts however are being charged a consumer deposit.

15	PAYABLES FROM EXCHANGE TRANSACTIONS	ECONOMIC ENTITY		MUNICIPALITY	
		2017 R	2016 R	2017 R	2016 R
	Trade Payables	81 878 066	66 598 683	81 878 066	66 598 683
	Interest Accrued	248 364	300 959	248 364	300 959
	Other Payables	655 119	101 514	101 514	101 514
	Unallocated Receipts	93 595	56 089	93 595	56 089
	Payments received in advance	9 311 842	4 662 102	9 311 842	4 662 102
	Working for Water	460 743	-	460 743	-
	Working for Wetlands	0	-	0	-
	Local Municipalities	5 237 202	4 951 267	5 237 202	4 951 267
	Senqu Local Municipality	4 780 630	4 951 267	4 780 630	4 951 267
	Elundini Local Municipality	456 572	-	456 572	-
	Total Payables from Exchange Transactions	97 884 930	76 670 614	97 331 325	76 670 614
	Balance previously reported - Trade Payables		76 212 553		76 212 553
	Correction due to invoices received during 2016/2017 - Trade payables		458 061		458 061
	Restated balance		76 670 614		76 670 614

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value.

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
16 LONG-TERM LIABILITIES				
Annuity Loans - At amortised cost	12 614 349	15 968 508	12 614 349	15 968 508
Less: Current Portion transferred to Current Liabilities	5 947 344	3 355 052	5 947 344	3 355 052
Total - At amortised cost using the effective interest rate method	<u>6 667 005</u>	<u>12 613 456</u>	<u>6 667 005</u>	<u>12 613 456</u>

Annuity loans at amortised cost are calculated at 10.00% - 11.52% interest rate, with the first maturity date of 30 June 2016 and the last maturity date of 31 December 2024. The loans are for the main municipal building in Barkly East, water meters and sanitation infrastructure. A new finance lease was taken up with ABSA for twenty five (25) bakkies and three (3) TLB's in the water service department and the period is 3 years only.

Included in Non-current Investments as per note is an amount of R1 301 340 (2016 - R1 301 340) held as guarantee by the DBSA.

The obligations under annuity loans are scheduled below:

Amounts payable under annuity loans:

Payable within one year	2 181 587	2 294 166	2 181 587	2 294 166
Payable within two to five years	6 526 032	7 851 348	6 526 032	7 851 348
Payable after five years	2 422 126	3 390 976	2 422 126	3 390 976
	<u>11 129 745</u>	<u>13 536 489</u>	<u>11 129 745</u>	<u>13 536 489</u>
Less: Future finance obligations	-3 043 415	-4 177 565	-3 043 415	-4 177 565
Present value of annuity obligations	<u>8 086 330</u>	<u>9 358 925</u>	<u>8 086 330</u>	<u>9 358 925</u>

The obligations under finance leases are scheduled below:

Amounts payable under annuity loans:

Payable within one year	4 605 973	2 549 315	4 605 973	2 549 315
Payable within two to five years	-	4 605 973	-	4 605 973
Payable after five years	-	-	-	-
	<u>4 605 973</u>	<u>7 155 287</u>	<u>4 605 973</u>	<u>7 155 287</u>
Less: Future finance obligations	-77 954	-545 704	-77 954	-545 704
Present value of annuity obligations	<u>4 528 018</u>	<u>6 609 583</u>	<u>4 528 018</u>	<u>6 609 583</u>

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30
JUNE 2017**

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
17 GOVERNMENT GRANTS AND SUBSIDIES				
Unconditional Grants	224 850 320	210 560 924	224 850 320	210 560 924
Equitable Share	223 621 000	209 607 700	223 621 000	209 607 700
LG Seta	1 229 320	953 224	1 229 320	953 224
Conditional Grants	338 620 317	319 232 891	338 263 479	315 507 069
DWA Bylaws	-	-	-	-
EPWP Programme	1 474 000	1 408 561	1 474 000	1 408 561
Finance Management Grant (FMG)	1 249 984	1 250 139	1 249 984	1 250 139
Eastern Cape Development Corporation (ECDC)	71 072	485 878	-	-
Industrial Development Corporation (IDC)	285 766	3 239 944	-	-
Municipal Infrastructure Grant (MIG)	149 069 883	177 932 117	149 069 883	177 932 117
Municipal Systems Improvement Grant (MSIG)	-	940 200	-	940 200
Municipal Water Infrastructure Grant (MWIG)	-	25 022 327	-	25 022 327
RBIG	9 728 835	4 844 191	9 728 835	4 844 191
Almagamation Grant (Cogta)	500 000	-	500 000	-
DEDEAT - JOGEDA Senqu plastic project	-	800 000	-	800 000
Provincial Treasury Drought programme	74 608 740	71 077 104	74 608 740	71 077 104
Public Works - Special Programme	24 001 747	25 784 141	24 001 747	25 784 141
Rural Households Infrastructure Grant	-	-	-	-
Rural Roads Asset Management Grant	1 256 300	2 095 856	1 256 300	2 095 856
Department of Human Settlement	4 546 291	350 991	4 546 291	350 991
Water Services Operating Subsidy	-	4 001 442	-	4 001 442
Water Infrastructure grant	71 827 698	-	71 827 698	-
Total Government Grants and Subsidies	563 470 637	529 793 815	563 113 799	526 067 993
Government Grants and Subsidies - Capital	248 297 169	203 356 888	248 297 169	203 356 888
Government Grants and Subsidies - Operating	315 173 467	326 436 927	314 816 629	322 711 105
	563 470 637	529 793 815	563 113 799	526 067 993
The Economic Entity does not expect any significant changes to the level of grants.				
Balance previously reported 30 June 2016		532 298 895		528 573 073
- Correction on overstatement of operating conditions met on MIG expenditure		(2 505 079)		(2 505 079)
Restated balance		529 793 816		526 067 993
Revenue recognised per vote as required by Section 123 (c) of the MFMA:				
Equitable share	223 621 000	209 607 700	223 621 000	209 607 700
Management Services	500 000	800 000	500 000	800 000
Financial Services	1 249 984	2 190 339	1 249 984	2 190 339
Corporate Services	1 229 320	953 224	1 229 320	953 224
Technical Services	336 513 492	315 021 808	336 513 492	315 021 808
	563 113 796	528 573 072	563 113 796	528 573 072
17.01 Equitable share				
Opening balance	-	-	-	-
Grants received	223 621 000	209 607 700	223 621 000	209 607 700
Conditions met - Operating	(223 621 000)	(209 607 700)	(223 621 000)	(209 607 700)
Conditions met - Capital	-	-	-	-
Conditions still to be met/(Grant expenditure to be recovered)	-	-	-	-
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act No. 108 of 1996) to the Economic Entity by the National Treasury.				
17.02 Finance Management Grant (FMG)				
Opening balance	(139)	35	(139)	35
Grants received	1 250 000	1 250 000	1 250 000	1 250 000
Conditions met - Operating	(1 249 984)	(1 250 139)	(1 249 984)	(1 250 139)
Conditions met - Capital	-	-	-	-
Monies returned to National Treasury	-	(35)	-	(35)
Conditions still to be met	(123)	(139)	(123)	(139)
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act, No 56 of 2003 (MFMA). The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).				

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
17.03 Municipal Systems Improvement Grant (MSIG)				
Opening balance	(200)	1 122	(200)	1 122
Grants received	-	940 000	-	940 000
Conditions met - Operating	-	(940 200)	-	(940 200)
Conditions met - Capital	-	-	-	-
Monies returned to National Treasury	-	(1 122)	-	(1 122)
Conditions still to be met	<u>(200)</u>	<u>(200)</u>	<u>(200)</u>	<u>(200)</u>

The purpose of the grant is to support municipalities in implementing new systems as provided in the Municipal Systems Act, Municipal Structures Act and other related local government policy and legislation so that they can carry out mandated functions effectively.

17.04 Municipal Infrastructure Grant (MIG)

Opening balance	(27 219)	23 634 898	(27 219)	23 634 898
Grants received	151 602 000	154 270 000	151 602 000	154 270 000
Conditions met - Operating	(61 484 278)	(72 109 755)	(61 484 278)	(72 109 755)
Conditions met - Capital	(87 585 605)	(105 822 362)	(87 585 605)	(105 822 362)
Conditions still to be met	<u>2 504 898</u>	<u>(27 219)</u>	<u>2 504 898</u>	<u>(27 219)</u>
Balance previously reported 30 June 2016		(2 532 298)		(2 532 298)
- Correction of previously overstatement of operating conditions met 2015/2016		2 505 079		2 505 079
Restated balance		<u>(27 219)</u>		<u>(27 219)</u>

The vision of the MIG programme is to provide all South Africans with at least a basic level of service through the provision of grant finance aimed at covering the capital cost of basic infrastructure for the poor. This also includes the rehabilitation and upgrading of existing infrastructure. The Economic Entity's programmes covers both Sanitation and Water projects.

17.05 Public Works - Special Programme

Opening balance	(3 883 893)	(5 193 329)	(3 883 893)	(5 193 329)
Grants received	22 796 884	27 093 577	22 796 884	27 093 577
Conditions met - Operating	(24 001 747)	(25 784 141)	(24 001 747)	(25 784 141)
Conditions met - Capital	-	-	-	-
Grant expenditure to be recovered	<u>(5 088 757)</u>	<u>(3 883 893)</u>	<u>(5 088 757)</u>	<u>(3 883 893)</u>

This grant is used for the maintenance of gravel roads in the Gariep and Maletswai parts of the district. At times special projects are also allocated to the Economic Entity by the Department of Roads and Public Works in other parts of the district.

17.06 Water Services Operating Subsidy

Opening balance	998 558	34 433	998 558	34 433
Grants received	-	5 000 000	-	5 000 000
Conditions met - Operating	-	-	-	-
Conditions met - Capital	-	(4 001 442)	-	(4 001 442)
Monies returned to National Treasury	(998 558)	(34 433)	(998 558)	(34 433)
Conditions still to be met	<u>-</u>	<u>998 558</u>	<u>-</u>	<u>998 558</u>

This grant is used for the refurbishment of water infrastructure.

17.07 Municipal Water Infrastructure Grant (MWIG)

Opening balance	(11 327)	14 109	(11 327)	14 109
Grants received	-	25 011 000	-	25 011 000
Conditions met - Operating	-	(7 761 529)	-	(7 761 529)
Conditions met - Capital	-	(17 260 798)	-	(17 260 798)
Monies returned to National Treasury	-	(14 109)	-	(14 109)
Conditions still to be met/(Grant expenditure to be recovered)	<u>(11 327)</u>	<u>(11 327)</u>	<u>(11 327)</u>	<u>(11 327)</u>

This grant is used to facilitate the planning, acceleration and implementation of various projects that will insure water supply to communities identified as not receiving a basic water supply service.

17.08 Water Services Infrastructure grant

Opening balance	-	-	-	-
Grants received	71 828 000	-	71 828 000	-
Conditions met - Operating	-	-	-	-
Conditions met - Capital	(71 827 698)	-	(71 827 698)	-
Conditions still to be met	<u>302</u>	<u>-</u>	<u>302</u>	<u>-</u>

This grant is used to provide specific capital funding for the water service infrastructure. This grant replace the previous know Water Services Operating grant and Municipal Water infrastructure grant.

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	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
17,09 PT Drought programme				
Opening balance	(12 966 954)	-	(12 966 954)	-
Grants received	82 688 568	58 110 150	82 688 568	58 110 150
Conditions met - Operating	-	-	-	-
Conditions met - Capital	(74 608 740)	(71 077 104)	(74 608 740)	(71 077 104)
Foreign Exchange Gains	-	-	-	-
Grant expenditure to be recovered	<u>(4 887 126)</u>	<u>(12 966 954)</u>	<u>(4 887 126)</u>	<u>(12 966 954)</u>

This grant is used to provide for the upgrade of critical Water and Sanitation infrastructure.

17,10 Other Grants				
Opening balance	(11 505 807)	(8 656 191)	(11 862 645)	(9 181 901)
Grants received	23 349 014	10 529 029	23 349 014	6 972 079
Conditions met - Operating	(4 816 457)	(8 183 463)	(4 459 619)	(4 457 641)
Conditions met - Capital	(14 275 126)	(5 195 182)	(14 275 126)	(5 195 182)
Foreign Exchange Gains	-	-	-	-
Written off/Paid back to National Treasury	-	-	-	-
Grant expenditure to be recovered	<u>(7 248 376)</u>	<u>(11 505 807)</u>	<u>(7 248 376)</u>	<u>(11 862 645)</u>

Other Grants consist of the following and is utilised as follows:

EPWP Programme

Incentive grant for creating jobs, whereby unemployed persons get employed on projects to create employment.

DBSA Municipal Support Framework

To assess Local Municipalities' requirements for support by JGDM.

Rural Roads Asset Management Grant (Public Transport)

This grant is to determine the extent of the municipal road network, the condition and maintenance requirements.

LG Seta

This grant is used to assist with the training needs of the Economic Entity.

Other Grants received during the year:

EPWP Programme	1 474 000	1 379 000	1 474 000	1 379 000
Regional Bulk Infrastructure Grant	16 573 434	2 331 511	16 573 434	2 331 511
Rural Roads Asset Management Grant	2 136 000	2 080 000	2 136 000	2 080 000
LG Seta	1 319 080	1 181 569	1 319 080	1 181 569
Total Other Grants received during the year	<u>21 502 514</u>	<u>6 972 079</u>	<u>21 502 514</u>	<u>6 972 079</u>

17,13 Total Grants				
Opening balance	(27 396 981)	9 835 078	(27 753 819)	9 309 368
Correction on opening balance	-	-	-	-
Grants received	577 135 466	491 811 457	577 135 466	488 254 507
Conditions met - Operating	(315 173 467)	(325 636 928)	(314 816 629)	(321 911 106)
Conditions met - Capital	(248 296 610)	(203 356 329)	(248 296 610)	(203 356 329)
Paid back to Treasury/Provided for as impairment	(998 558)	(49 700)	(998 558)	(49 700)
Foreign Exchange Gains	-	-	-	-
Grant expenditure to be recovered	<u>(14 730 151)</u>	<u>(27 396 422)</u>	<u>(14 730 151)</u>	<u>(27 753 260)</u>

Disclosed as follows as per note 7

Unspent Conditional Government Grants and Receipts	7 433 400	1 373 003	7 433 400	1 016 165
Unpaid Conditional Government Grants and Receipts	(22 163 551)	(31 275 063)	(22 163 551)	(31 275 063)
	<u>(14 730 150)</u>	<u>(29 902 059)</u>	<u>(14 730 150)</u>	<u>(30 258 897)</u>

18 ACTUARIAL (GAINS)/LOSS				
Post Retirement Medical Obligations - Refer to note 12	(6 455 398)	(1 515 799)	(6 455 398)	(1 515 799)
Ex Gratia Gratuities - Refer to note 12	8 610	54 270	8 610	54 270
Long Service Awards - Refer to note 12	(48 169)	(866 573)	(48 169)	(866 573)
Total Actuarial Losses	<u>(6 494 957)</u>	<u>(2 328 102)</u>	<u>(6 494 957)</u>	<u>(2 328 102)</u>

Actuarial gains or losses are calculated at year-end when the actuarial valuation is performed.

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30
JUNE 2017**

		ECONOMIC ENTITY		MUNICIPALITY	
		2017	2016	2017	2016
		R	R	R	R
19	REVERSAL OF IMPAIRMENTS				
	Investment in Municipal Entity - note 12	-	-	-	-
	Total Reversal of Impairments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
20	SERVICE CHARGES				
	Water	77 562 920	96 001 692	77 562 920	96 001 692
	Sewerage and Sanitation Charges	37 527 693	35 679 737	37 527 693	35 679 737
		<u>115 090 613</u>	<u>131 681 429</u>	<u>115 090 613</u>	<u>131 681 429</u>
	Less: Rebates (including free basic services for indigents)	(23 419 578)	(28 870 666)	(23 419 578)	(28 870 666)
	Total Service Charges	<u>91 671 035</u>	<u>102 810 763</u>	<u>91 671 035</u>	<u>102 810 763</u>
Rebates can be defined as any income that the Economic Entity is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.					
21	GOVERNMENT SERVICES				
	Working for Water	982 598	4 247 913	982 598	4 247 913
	Working for Wetlands	9 123 297	5 069 050	9 123 297	5 069 050
	Total Government Services	<u>10 105 896</u>	<u>9 316 963</u>	<u>10 105 896</u>	<u>9 316 963</u>
22	INTEREST EARNED - EXTERNAL INVESTMENTS				
	Call Investment Deposits	2 837 532	4 094 328	2 794 759	4 087 506
	Primary Bank Account	514 697	290 882	514 697	290 882
	Fixed Deposits	-	-	-	-
	Total Interest Earned - External Investments	<u>3 352 230</u>	<u>4 385 210</u>	<u>3 309 457</u>	<u>4 378 388</u>
23	INTEREST EARNED - OUTSTANDING DEBTORS				
	Water Debtors	15 298 257	5 496 619	15 298 257	5 496 619
	Sewerage Debtors	8 794 113	(149 157)	8 794 113	(149 157)
	Total Interest Earned - Outstanding Debtors	<u>24 092 370</u>	<u>5 347 462</u>	<u>24 092 370</u>	<u>5 347 462</u>
24	OTHER INCOME				
	Sundry Income	368 376	841 105	331 281	803 621
	Administration fee	470 623	-	470 623	-
	Rental of Facilities and Equipment	15 232	45 414	15 232	45 414
	Unknown Receipts recognised as income	-	-	-	-
	Insurance claims	169 506	396 625	151 839	396 625
	Total Other Income	<u>1 023 737</u>	<u>1 283 144</u>	<u>968 975</u>	<u>1 245 660</u>

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDING 30 JUNE 2017**

	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
25 EMPLOYEE RELATED COSTS				
Bonuses	10 397 510	8 549 937	10 236 911	8 425 033
Contribution to current employee benefits - Staff Leave - Note 13	3 416 253	542 595	3 385 056	416 982
Contribution to non-current employee benefits - Long Service Awards - Note 12	706 034	767 171	706 034	767 171
Contribution to non-current employee benefits - Post Retirement Medical - Note 12	2 601 983	2 413 038	2 601 983	2 413 038
Contribution to non-current employee benefits - Ex Gratia Gratuities - Note 12	29 779	66 061	29 779	66 061
Contributions for UIF, Pensions and Medical Aids	25 956 180	23 821 761	25 834 510	23 718 686
Salaries and Wages	121 133 782	107 612 895	117 929 759	104 778 553
Housing Benefits and Allowances	1 303 823	987 473	1 303 823	987 473
Overtime Payments	10 717 989	8 184 583	10 717 989	8 184 583
Performance Bonuses	1 632 097	1 506 750	1 632 097	1 506 750
Travel, Motor Car, Telephone, Subsistence and Other Allowances	<u>12 685 476</u>	<u>12 638 343</u>	<u>12 480 976</u>	<u>12 476 093</u>
Total Employee Related Costs	<u><u>190 580 905</u></u>	<u><u>167 090 606</u></u>	<u><u>186 858 916</u></u>	<u><u>163 740 422</u></u>

REMUNERATION OF MANAGEMENT PERSONNEL

The Municipal Manager and all Section 57 Managers are appointed on a 5-year fixed contract.

Municipal Manager - Z A Williams

Salary and other allowances	1 558 511	1 434 851	1 558 511	1 434 851
Performance Bonuses 13-14	210 094	-	210 094	-
Performance bonuses 14-15	224 359		224 359	
Travel Allowance	64 200	64 200	64 200	64 200
Telephone allowance	33 000	33 000	33 000	33 000
Contributions to UIF, Medical and Pension Funds	<u>247 866</u>	<u>225 651</u>	<u>247 866</u>	<u>225 651</u>
Total	<u><u>2 338 031</u></u>	<u><u>1 757 702</u></u>	<u><u>2 338 031</u></u>	<u><u>1 757 702</u></u>

Director Technical Services - R J Fortuin

Salary and other allowances	1 303 083	1 205 021	1 303 083	1 205 021
Performance Bonuses 13-14	178 580	-	178 580	-
Performance bonuses 14-15	190 706		190 706	
Travel Allowance	170 220	170 220	170 220	170 220
Telephone allowance	19 200	19 200	19 200	19 200
Contributions to UIF, Medical and Pension Funds	<u>92 463</u>	<u>83 967</u>	<u>92 463</u>	<u>83 967</u>
Total	<u><u>1 954 251</u></u>	<u><u>1 478 408</u></u>	<u><u>1 954 251</u></u>	<u><u>1 478 408</u></u>

Director Corporate Services - H Z Jantjie

Salary and other allowances	1 506 784	1 286 691	1 506 784	1 286 691
Performance Bonuses 13-14	153 069	-	153 069	-
Performance bonuses 14-15	190 706		190 706	
Travel Allowance	84 000	84 000	84 000	84 000
Telephone allowance	19 200	19 200	19 200	19 200
Contributions to UIF, Medical and Pension Funds	<u>93 840</u>	<u>78 192</u>	<u>93 840</u>	<u>78 192</u>
Total	<u><u>2 047 598</u></u>	<u><u>1 468 083</u></u>	<u><u>2 047 598</u></u>	<u><u>1 468 083</u></u>

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

An Acting Chief Financial Officer has been appointed effective 15 April 2015 until the position will be filled.

Acting Director Financial Services - S du Toit - Effective 15 April 2015

Salary and other allowances	1 143 345	1 035 153	1 143 345	1 035 153
Performance bonuses 14-15	22 703		22 703	
Acting allowance	135 731	128 638	135 731	128 638
Travel Allowance	120 000	120 000	120 000	120 000
Telephone allowance	19 200	19 200	19 200	19 200
Contributions to UIF, Medical and Pension Funds	57 278	18 915	57 278	18 915
Total	<u>1 498 258</u>	<u>1 321 907</u>	<u>1 498 258</u>	<u>1 321 907</u>

Director Community Services - F J Sephton

Salary and other allowances	1 579 425	1 296 567	1 579 425	1 296 567
Performance Bonuses 13-14	178 580	-	178 580	-
Performance bonuses 14-15	190 706		190 706	
Travel Allowance	156 000	156 000	156 000	156 000
Telephone allowance	19 200	19 200	19 200	19 200
Contributions to UIF, Medical and Pension Funds	22 824	16 298	22 824	16 298
Total	<u>2 146 734</u>	<u>1 488 066</u>	<u>2 146 734</u>	<u>1 488 066</u>

Chief Operations Officer - N Mshumi

Salary and other allowances	1 013 046	925 727	1 013 046	925 727
Performance Bonuses 13-14	151 990		151 990	
Performance bonuses 14-15	162 310	-	162 310	-
Travel Allowance	60 000	60 000	60 000	60 000
Contributions to UIF, Medical and Pension Funds	243 162	218 821	243 162	218 821
Total	<u>1 630 507</u>	<u>1 204 548</u>	<u>1 630 507</u>	<u>1 204 548</u>

Manager Water Service provision Manager - D Lusawana

Salary and other allowances	883 380	871 805	883 380	871 805
Performance bonuses 14-15	67 200		67 200	
Contributions to UIF, Medical and Pension Funds	215 178	165 631	215 178	165 631
Total	<u>1 165 758</u>	<u>1 037 436</u>	<u>1 165 758</u>	<u>1 037 436</u>

Chief Executive Officer of JoGEDA - A Gqoboka

Salary and other allowances	1 103 962	1 083 077	-	-
Travel and other allowances	156 000	145 551	-	-
Contributions to UIF, Medical and Pension Funds	14 136	14 271	-	-
Total	<u>1 274 098</u>	<u>1 242 899</u>	<u>-</u>	<u>-</u>

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

26 REMUNERATION OF COUNCILLORS AND DIRECTORS

26,1 REMUNERATION OF COUNCILLORS

	ECONOMIC ENTITY		MUNICIPALITY	
	2017	2016	2017	2016
	R	R	R	R
Councillors	4 584 264	4 671 526	4 584 264	4 671 526
Councillors' Pension and Medical Aid Contributions	617 648	637 985	617 648	637 985
Total Remuneration of Councillors	5 201 912	5 309 512	5 201 912	5 309 512

In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor and the Speaker may utilise official Council transportation when engaged in official duties.

2017

	Remuneration	Contributions	Total
Members of the Mayoral Committee	3 310 480	516 115	3 826 595
ZI Dumzela - Executive Mayor	679 504	182 754	862 258
TZ Notyeke - Speaker	605 383	40 161	645 543
EM Lakabane - Portfolio Head: Financial Services	485 151	84 903	570 054
D Mvumvu - Portfolio Head: Community Services	547 837	52 972	600 809
S Mei - Portfolio Head: Technical Services	539 861	55 743	595 604
L Tokwe - Portfolio Head: Corporate Services	452 744	99 582	552 326
Proportional elected Councillors	1 197 548	80 440	1 277 988
NU Hokwana	499 288	34 514	533 801
N Ngendane	232 211	16 234	248 445
AM van Zyl	233 838	13 226	247 064
M Yiliwe	232 211	16 467	248 678
Representative Councillors and serving until 3 August 2016	86 493	10 836	97 329
Total Councillors Remuneration	4 594 520	607 391	5 201 912

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

2016

	Remuneration	Contributions	Total
Members of the Mayoral Committee	3 014 094	447 259	3 461 353
ZI Dumzela - Executive Mayor	664 664	153 133	817 797
NP Mposelwa - Speaker	570 088	89 050	659 138
B Salman - Portfolio Head: Financial Services	535 920	83 472	619 392
D Mvumvu - Portfolio Head: Community Services	361 815	3 603	365 418
TZ Notyeke - Portfolio Head: Technical Services	376 357	3 804	380 161
N Ngubo - Portfolio Head: Corporate Services	505 250	114 197	619 447
Proportional elected Councillors	1 533 482	189 528	1 723 010
S Mei	313 083	19 052	332 135
DF Hartkopf	328 922	3 024	331 946
V Mbulawa	214 554	49 132	263 686
MW Mpelwane	-	-	-
LN Gova	233 629	30 087	263 716
XG Motloi	219 647	44 139	263 786
NF Mphithi	223 647	44 094	267 741
Representative Councillors	119 750	5 399	125 149
Total Councillors Remuneration	4 667 326	642 186	5 309 512

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
26,2 REMUNERATION OF BOARD OF DIRECTORS				
Sitting allowance	344 000	428 600	-	-
Total	344 000	428 600	-	-
Members of the board of directors are all non-executive directors, except A Gqoboka (CEO) who is an executive member.				
Sitting allowances per director were as follows:				
V Zitumane	48 000	87 600	-	-
N Skweyiya	84 000	100 000	-	-
B Mhlaba	87 000	72 500	-	-
M Sigabi	55 000	93 500	-	-
M Manjezi	70 000	75 000	-	-
Total Remuneration of Directors	344 000	428 600	-	-

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE
2017**

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
27 DEBT IMPAIRMENT				
Contributions to provision - note 5	44 916 410	64 359 835	44 916 410	70 896 695
Less: Portion relating to VAT - note 6	(7 239 943)	(13 215 463)	(7 239 943)	(13 215 463)
Total Debt Impairment	37 676 466	51 144 372	37 676 466	57 681 232
28 IMPAIRMENTS				
Investment in Municipal Entity - note 12	-	-	-	-
Property Plant and Equipment - note 9	-	290 493	-	290 493
Total Impairments	-	290 493	-	290 493
29 DEPRECIATION AND AMORTISATION				
Property, Plant and Equipment - note 8	47 987 189	45 866 565	47 810 953	45 707 949
Investment Property - note 9	257 938	42 983	256 580	41 705
Intangible Assets - note 10	453 157	453 217	448 200	449 644
Total Depreciation and Amortisation	48 698 284	46 362 765	48 515 733	46 199 298
30 REPAIRS AND MAINTENANCE				
Infrastructure	10 985 042	4 352 516	10 985 042	4 352 516
Land and Buildings	373 197	395 522	373 197	395 522
Other Assets	700 649	1 567 378	697 826	1 510 165
Total Repairs and Maintenance	12 058 889	6 315 416	12 056 066	6 258 203
It should be noted that a substantial amount of Repairs and Maintenance that were done are reflecting under the Operating Grant expenditure votes.				
31 FINANCE CHARGES				
Long-term Liabilities	990 256	1 124 027	990 256	1 124 027
Finance leases	467 750	632 045	467 750	632 045
Non-current Employee Benefits	4 458 120	3 890 173	4 458 120	3 890 173
Finance charges on pension fund shortfall	-	89 156	-	89 156
Other provisions	-	-	-	-
Total Finance Charges	5 916 126	5 735 402	5 916 126	5 735 402
32 CONTRACTED SERVICES				
Water Services	-	8 768	-	8 768
Local Municipalities	-	8 768	-	8 768
Other Contractors	-	-	-	-
Sanitation Services	14 441 985	15 129 291	14 441 985	15 129 291
Local Municipalities	-	70	-	70
Other Contractors	14 441 985	15 129 221	14 441 985	15 129 221
Total Contracted Services	14 441 985	15 138 059	14 441 985	15 138 059
Contracted services paid to Local Municipalities include a 15% collection fee of all monies collected by the Local Municipalities on behalf of Joe Gqabi District Municipality as well as a standard rate per monthly statement printed per service.				
The other contractors relate to Honey Sucking that has been done by outside contractors throughout the district for the year under review.				
33 BULK PURCHASES				
Water	4 163 900	988 976	4 163 900	988 976
Total Bulk Purchases	4 163 900	988 976	4 163 900	988 976

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE
2017**

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
34 GRANTS AND SUBSIDIES PAID				
Gariep Local Municipality	108 861	1 185 000	108 861	1 185 000
Pauper burials	2 600	7 980	2 600	7 980
Joe Gqabi Economic Development Agency (SoC) Ltd	-	-	7 258 142	3 806 797
Total Grants and Subsidies Paid	111 461	1 192 980	7 369 603	4 999 777
The Economic Entity has been in the process of taking over water service provision from local municipalities.				
The grant paid to Joe Gqabi Economic Development Agency (SoC) Ltd (JoGEDA) is in terms of the service level agreement with the IDC. This grant is used for operating activities by JoGEDA. The grant paid also included an amount of R800 000 received from DEDEAT for the Senqu Plastic project during 2015/2016.				
35 OPERATING GRANT EXPENDITURE				
Management Services	-	-	-	-
Financial Services	859 591	1 576 322	859 591	1 576 322
Corporate Services	1 123 305	1 324 964	1 123 305	1 324 964
Technical Services	61 302 515	74 251 565	61 302 515	74 251 565
Community Services	8 323 001	6 254 940	8 323 001	6 254 940
Total Operating Grant Expenditure	71 608 412	83 407 790	71 608 412	83 407 790
36 EMERGENCY DROUGHT RELIEF				
Water carting	321 930	840 345	321 930	840 345
Total Operating Grant Expenditure	321 930	840 345	321 930	840 345
37 GENERAL EXPENSES				
Audit Fees	6 501 715	5 637 130	5 106 458	5 256 906
Advertising Fees	513 995	662 223	486 401	642 024
Bank Charges	363 153	312 797	359 311	309 411
Chemicals	7 116 639	6 202 647	7 116 639	6 202 647
Computer Charges	-	65 320	-	65 320
Consulting Fees	7 651 178	9 747 567	7 052 545	9 167 814
Cultivating and Capacitation	500 000	-	500 000	-
Entertainment	176 715	94 918	91 497	38 932
Fire Extinguishers	214 554	-	214 554	-
Fuel and oil	8 350 508	8 595 309	8 350 508	8 595 309
IT Cost	454 019	-	454 019	-
Insurance	5 147 840	2 672 296	5 105 828	2 630 706
Legal Fees	1 940 200	2 551 723	1 426 012	2 260 408
Material and protective clothing	234 195	1 831 603	234 195	1 831 603
Marketing	368 189	365 763	368 189	365 763
Membership Fees	2 480 724	44 340	2 480 724	44 340
Postage	4 073	11 903	4 073	11 903
Printing and Stationary	1 307 366	1 006 542	1 263 213	906 091
Rentals	731 678	871 706	678 688	780 869
Security	3 223 703	3 098 028	3 216 899	3 090 787
Services	1 903	545 698	1 903	545 698
Special programmes	1 482 076	1 814 706	1 482 076	1 814 706
SPLUMA	31 867	-	31 867	-
Telephone	4 026 607	4 707 851	4 026 607	4 707 851
Training	1 481 047	785 809	1 481 047	785 809
Travel and Subsistence	16 477 102	15 922 462	15 942 880	15 332 874
Vehicle Rental	2 456 811	1 812 833	2 456 811	1 812 833
Water and Electricity	9 745 731	9 631 823	9 745 731	9 631 823
Water Testing & Quality Monitoring	3 069 454	2 101 744	3 069 454	2 101 744
Other	2 255 251	2 226 515	2 239 835	1 692 015
Total General Expenses	88 308 293	83 321 258	84 987 964	80 626 188

The take over of water services from Gariep Local Municipality and Amatola Water Board resulted in changes in expenditure patterns to the prior year. The average increase in General expenditure is only 4% for the year. There has been a shift of spending between types of expenditure and not necessarily a material increase overall.

JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2017

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
38 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT				
Carrying value of Property, Plant and Equipment disposed or written off	662 953	660 584	575 578	656 721
Proceeds from Disposal of Property, Plant and Equipment	-	-	-	-
Property, Plant and Equipment transferred to JoGEDA	-	-	-	-
Total Loss on Disposal of Property, Plant and Equipment	662 953	660 584	575 578	656 721
The loss on disposal of assets to the amount of R662 953 (R660 584- 2016) relates to assets that were written off.				
39 CORRECTION OF ERROR IN TERMS OF GRAP 3				
39,1 NET SURPLUS/(DEFICIT) FOR THE YEAR 2016				
Certain errors were detected which relates to the prior year and were restated retrospectively. The effects of these restatements are listed below:				
Surplus reported on 30 June 2016		169 527 648		169 527 648
General Expenses incurred due to invoices received late and dispute resolved - Refer note 15		(458 061)		(458 061)
Interest received on Non-Current investment understated during 2015/2016 - Refer note 11		78 426		78 426
Correction on Government grants and subsidies - operational due to overstatement on revenue recognition on PMU expenditure - Refer note 7		(2 505 079)		(2 505 079)
Correction on overbillings on Water and Sanitation during 2015/2016 corrected - Refer note 5		(230 254)		(230 254)
Correction on overstatement of the provision of bad debts during 2015/2016 due to VAT portion being included in Provision for bad debts - Refer note 6		13 215 463		13 215 463
Restated surplus for the year ended 30 June 2016		179 628 144		179 628 144
39,2 PAYABLES FROM EXCHANGE TRANSACTIONS				
Balance previously reported		76 212 553		76 212 553
Correction on understatement of Trade payables due to late receipt of invoices and a dispute that has been resolve - Note 38,1		458 061		458 061
Restated Balance on 30 June 2016		76 670 614		76 670 614
39,3 NON-CURRENT INVESTMENTS				
Balance previously reported		3 305 081		3 305 081
Correction on understatement of interest recognised on the non current investment for the year 2015/2016 - Note 38,1		78 426		78 426
Restated Balance on 30 June 2016		3 383 507		3 383 507
39,4 UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS				
Balance previously reported		(30 258 897)		(30 258 897)
Correction on overstatement of MIG grant income due to the PMU portion being overstated - Note 38,1		2 505 079		2 505 079
Restated Balance on 30 June 2016		(27 753 818)		(27 753 818)
39,5 RECEIVABLE FROM EXCHANGE TRANSACTIONS				
Balance previously reported		59 995 623		59 995 623
Correction on overstatement on Sanitation services billing - Note 38,1		(87 421)		(87 421)
Correction on overstatement on Water services billing - Note 38,1		(76 214)		(76 214)
Correction on overstatement on Monies received from Elundini local Municipality - Note 38,1		(66 618)		(66 618)
Restated Balance on 30 June 2016		59 765 369		59 765 369
39,6 SOUTH AFRICAN REVENUE SERVICES				
Balance previously reported		(3 589 634)		(3 589 634)
Correction on understatement of interest recognised on the non current investment for the year 2015/2016 - Note 38,1		13 215 463		13 215 463
Restated Balance on 30 June 2016		9 625 829		9 625 829

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE
2017**

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
40 RECONCILIATION BETWEEN NET SURPLUS FOR THE YEAR AND CASH GENERATED BY				
NET CASH FROM OPERATING ACTIVITIES				
Net Surplus/(Deficit) for the year	220 159 491	187 043 532	220 106 043	179 628 144
Adjusted for:				
Non-Cash Expenditure and Revenue	85 000 867	119 694 435	84 730 940	119 694 435
Actuarial Gains	(6 494 957)	(2 336 526)	(6 494 957)	(2 328 102)
Debt impairment	37 676 466	70 904 101	37 676 466	70 896 695
Depreciation and amortisation	48 698 285	46 362 764	48 515 733	46 199 298
Impairments	-	290 493	-	290 493
Finance charges	4 458 120	3 979 329	4 458 120	3 979 329
Loss on disposal of PPE	662 953	660 584	575 578	656 721
Contributions - Provisions and Employee Benefits	22 633 650	13 595 034	22 633 650	13 595 034
Post Retirement Medical Benefits	6 600 291	2 413 038	6 600 291	2 413 038
Long Service Awards	1 076 166	767 171	1 076 166	767 171
Ex-Gratia	59 966	66 061	59 966	66 061
Performance bonuses	1 632 097	1 506 750	1 632 097	1 506 750
Bonuses	9 880 073	8 480 188	9 880 073	8 425 033
Staff leave	3 385 056	416 982	3 385 056	416 982
Expenditure - Provision and Employee Benefits	(14 764 938)	(11 255 733)	(14 764 938)	(11 255 733)
Post Retirement Medical Benefits	(1 076 935)	(963 470)	(1 076 935)	(963 470)
Long Service Awards	(233 697)	(360 520)	(233 697)	(360 520)
Ex-Gratia	(109 438)	(118 423)	(109 438)	(118 423)
Performance bonuses	(2 687 740)	-	(2 687 740)	-
Bonuses	(9 286 775)	(8 416 111)	(9 286 775)	(8 416 111)
Staff leave	(1 370 351)	(1 397 209)	(1 370 351)	(1 397 209)
Other adjustments	(111 064 524)	(6 544 266)	(111 064 524)	(6 544 266)
Bad debts Written off	(111 064 524)	(6 544 266)	(111 064 524)	(6 544 266)
Operating surplus before changes in working capital	201 964 546	285 017 119	201 577 247	285 017 119
Movement in working capital	22 957 348	(133 542 802)	23 241 762	(133 542 802)
Receivables from exchange transactions	8 404 513	(98 694 202)	8 921 348	(98 694 202)
Inventory	277 771	713 373	277 771	713 373
Payables from exchange transactions	20 929 692	(5 769 433)	20 660 711	(4 628 563)
Unspent Conditional Government Grants	6 417 235	(22 701 894)	6 417 235	(22 701 894)
Unpaid Conditional government grants	6 606 433	(16 866 370)	6 606 433	(16 866 370)
Taxes	(19 678 296)	8 682 065	(19 641 736)	8 634 853
Cash Flow from Operating Activities	<u>224 921 894</u>	<u>151 474 318</u>	<u>224 819 009</u>	<u>151 474 318</u>

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE
2017**

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
41 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES				
Cash and Cash Equivalents - note 3	2 754 339	2 916 123	2 155 106	2 421 545
Investments - note 11	1 583 453	1 411 026	1 583 453	1 411 026
	<u>4 337 791</u>	<u>4 327 149</u>	<u>3 738 558</u>	<u>3 832 571</u>
Less:	7 433 400	1 016 165	7 433 400	1 016 165
Unspent Committed Conditional Grants - note 7	<u>7 433 400</u>	<u>1 016 165</u>	<u>7 433 400</u>	<u>1 016 165</u>
Net cash resources available for internal distribution	<u>(3 095 609)</u>	<u>3 310 984</u>	<u>(3 694 842)</u>	<u>2 816 406</u>
42 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION				
Long-term Liabilities - note 16	6 667 005	12 613 456	6 667 005	12 613 456
Used to finance property, plant and equipment - at cost	<u>(6 667 005)</u>	<u>(12 613 456)</u>	<u>(6 667 005)</u>	<u>(12 613 456)</u>
Cash invested for repayment of long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 10% and 11.52% and will be repaid by 2024.

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE
2017**

		ECONOMIC ENTITY		MUNICIPALITY	
		2017	2016	2017	2016
		R	R	R	R
43	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE				
43.1	Unauthorised expenditure				
Reconciliation of unauthorised expenditure:					
Opening balance		164 753	164 753	164 753	164 753
Unauthorised expenditure current year - operating		-	-	-	-
Unauthorised expenditure current year - capital		-	-	-	-
Authorised by Council		-	-	-	-
Transfer to receivables for recovery		-	-	-	-
Unauthorised expenditure awaiting authorisation		164 753	164 753	164 753	164 753
		164 753	164 753	164 753	164 753
Incident	Disciplinary steps				
Over expenditure on votes.	None				
		Actual	Final Budget	Variance	Unauthorised
		R	R	R	Expenditure
Operating Expenditure by Vote					
Management Services		45 798 575	54 306 638	8 508 063	-
Financial Services		69 088 689	72 889 693	3 801 004	-
Corporate Services		45 584 973	48 019 003	2 434 030	-
Technical Services		270 346 238	315 523 333	45 177 095	-
Community Services		48 831 971	56 174 429	7 342 458	-
		479 650 445	546 913 096	67 262 651	-
Capital Expenditure by Vote					
Management Services		-	2 600 000	2 600 000	-
Financial Services		-	200 000	200 000	-
Corporate Services		1 299 703	1 433 000	133 297	-
Technical Services		226 054 711	265 610 000	39 555 289	-
Community Services		-	-	-	-
		227 354 414	269 843 000	42 488 586	-
		227 354 414	269 843 000	42 488 586	-
43.2	Fruitless and wasteful expenditure				
Reconciliation of fruitless and wasteful expenditure:					
Opening balance		751 388	721 727	717 107	687 446
Fruitless and wasteful expenditure current year		-	29 661	-	29 661
Written off by Council		(717 107)	-	(717 107)	-
Transfer to receivables for recovery		-	-	-	-
Fruitless and wasteful expenditure awaiting write-off approval		34 281	751 388	-	717 107
		34 281	751 388	-	717 107
Incident	Disciplinary steps				
Interest paid to Telkom, Eskom and on utility bills not paid within 30 days and paid within 30 days but after due date of the service providers	None - A request has been submitted to Senqu and Eskom due to arrangements made during the year	-	29 661	-	29 661
		-	29 661	-	29 661
		-	29 661	-	29 661
43.3	Irregular expenditure				
Reconciliation of irregular expenditure:					
Opening balance		9 192 359	9 190 312	9 192 359	9 190 312
Irregular expenditure - current year		-	2 047	-	2 047
Irregular expenditure - prior year (identified during current year)		-	-	-	-
Condoned		-	-	-	-
Written off by Council awaiting condonation		(9 192 359)	-	(9 192 359)	-
Transfer to receivables for recovery		-	-	-	-
Irregular expenditure		-	9 192 359	-	9 192 359
		-	9 192 359	-	9 192 359
Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. Council did consider it and resolved that it is irrecoverable.					
The irregular expenditures were ratified as minor breaches by the Accounting Officer in terms of the Supply Chain regulations 36(1)(b) and in line with the Municipalities Supply Chain policy.					

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE
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44	MATERIAL LOSSES	ECONOMIC ENTITY		MUNICIPALITY	
		2017	2016	2017	2016
		R	R	R	R
	Water distribution losses				
	Kilo litres disinfected/purified/purchased	14 580 714	14 772 076	14 580 714	14 772 076
	Kilo litres sold	(7 838 740)	(8 011 414)	(7 838 740)	(8 011 414)
	Kilo litres lost	6 741 974	6 760 662	6 741 974	6 760 662
	Percentage lost during distribution	46,2%	45,8%	46,2%	45,8%
	Average cost per kilolitre in Rands	7,38	10,16	7,38	10,16
	Loss in Rand value	49 755 764	68 688 325	49 755 764	68 688 325

The above increase in water losses are mainly due to water losses increased in Walter Sisulu and Elundini this past year but a few factors beyond the control of JGDM that influenced the result are explained below.

- There are consumers who are billed on an unmetered tariff in line with councils tariff policy, however the consumption of those households are not known and is added to the loss. The Economic Entity is in process of installing pre paid meters.
- A data cleansing exercise was done in the previous Gariep area during 2015/2016 and the results resulted in a low water loss due to the fact that consumers were identified with interim billings for very long periods and during the take over the Municipality corrected it. The consumption billing in 2015/2016 this was abnormal high. The current loss is however inline with the years prior to 2015/2016.
- In August 2015 the water system in the town of Ugie was negatively affected by an oil spillage upstream of the abstraction point that negatively affected the whole system. All pipes and reservoirs had to be repeatedly scoured to restore water quality. A disaster was declared in Ugie due to the inability to cope with the oil spill, on 4 December 2015. The disaster continued for the whole of 2016/2017

Further to this, the repeated switching on and off of water in Maclear, Burgersdorp and Aliwal North influenced the pressure in the pipes and exacerbated stresses on old infrastructure which increased the number of water leaks. Problems from this period are still being addressed.

The results indicate that JGDM requires a strategy in order to better manage and assess its systems in future. In the preceding financial years, a WCDMP outline has been proposed to aid in achieving better management and conservation of water. This strategy has been mentioned again as it is still applicable for the area.

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 SALGA Contributions - [MFMA 125 (1)(b)]

Opening balance	-	-	-	-
Council subscriptions	1 944 430	1 447 800	1 944 430	1 447 800
Amount paid - current year	(1 944 430)	(1 447 800)	(1 944 430)	(1 447 800)
Balance unpaid (included in creditors)	-	-	-	-

45.2 Audit fees - [MFMA 125 (1)(b)]

Opening balance	626 231	-	626 231	-
Current year audit fee	7 132 999	6 049 098	5 737 742	5 668 874
Amount paid	(7 691 446)	(5 422 867)	(6 296 190)	(5 042 642)
Balance unpaid (included in payables)	67 784	626 231	67 784	626 231

45.3 VAT - [MFMA 125 (1)(b)]

Opening balance	10 221 742	5 034 059	9 625 829	4 901 766
Amounts received - current year	(8 343 381)	(12 686 537)	(8 627 258)	(13 282 450)
Amounts claimed - current year	30 632 332	17 874 220	31 228 245	18 006 513
Balance receivable/(payable)	32 510 694	10 221 742	32 226 817	9 625 829

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. Bulk of the Claims for the 16/17 year was only paid to the Economic Entity during July 2017 contributing to the cashflow challenges we experienced.

45.4 PAYE, SDL and UIF - [MFMA 125 (1)(b)]

Opening balance	-	-	-	-
Current year payroll deductions and Council Contributions	26 903 552	23 507 485	26 903 552	23 507 485
Amount paid - current year	(26 903 552)	(23 507 485)	(26 903 552)	(23 507 485)
Balance receivable	-	-	-	-

45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]

Opening balance	-	-	-	-
Current year payroll deductions and Council Contributions	35 349 797	33 237 720	35 349 797	33 237 720
Amount paid - current year	(35 349 797)	(33 237 720)	(35 349 797)	(33 237 720)
Balance unpaid (included in payables)	-	-	-	-

45.6 Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]

There are no overdue councillor accounts.

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	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
45.6 Deviations - Supply Chain Management				
Deviations with the Supply Chain Management Regulations were identified and categorised as follow:				
- Emergencies			25 076 426	25 507 137
- Goods or services are produced or available from a single provider only			-	19 400
- Other exceptional cases where it is impractical or impossible to follow the official procurement processes			13 669 121	18 797 328
			38 745 547	44 323 865

Deviations per department

- Office of the Municipal Manager			39 305	43 491
- Financial Services			-	28 774
- Corporate Services			2 998 787	4 074 094
- Community Services			479 029	560 422
- Technical Services			35 228 426	39 611 268
- Expenditure incurred on behalf of JoGEDA			-	5 815
			38 745 547	44 323 865

46 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

- Infrastructure	374 116 020	455 062 901	374 116 020	455 062 901
Total	374 116 020	455 062 901	374 116 020	455 062 901

This expenditure will be financed from:

Capital Replacement Reserve	-	-	-	-
Government Grants	374 116 020	455 062 901	374 116 020	455 062 901
Own Resources	-	-	-	-
	374 116 020	455 062 901	374 116 020	455 062 901

47 FINANCIAL RISK MANAGEMENT

The activities of the Economic Entity expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Economic Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Economic Entity's financial performance.

(a) Foreign Exchange Currency Risk

The Economic Entity does not engage in foreign currency transactions.

(b) Price risk

The Municipality is not exposed to price risk.

(c) Interest Rate Risk

Financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, non-current investments and loan payables.

The Economic Entity analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the Economic Entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for cash and cash equivalents and non-current investments as the interest rate on loan payables are fixed.

The Economic Entity did not hedge against any interest rate risks during the current year.

The potential impact on the Economic Entity's surplus/deficit for the year due to changes in interest rates were as follow:

0.5% (2016 - 0.5%) Increase in interest rates	595 885	312 086	595 885	312 086
0.5% (2016 - 0.5%) Decrease in interest rates	(595 885)	(312 086)	(595 885)	(312 086)

The potential impact on the fair value of loans payable due to changes in interest rates is insignificant as the carrying value represents the fair value based on the underlying assets.

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE
2017**

	ECONOMIC ENTITY		MUNICIPALITY	
	2017 R	2016 R	2017 R	2016 R
(d) Credit Risk				
Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Economic Entity to incur a financial loss.				
Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.				
Receivables are disclosed net after provisions are made for impairment and bad debts. Receivables comprise of a large number of consumers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer receivables the Economic Entity effectively has the right to terminate services to customers, but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.				
All services are payable within 30 days from invoice date. Refer to note 15 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.				
Balances past due not impaired:				
Water	77 944 950	30 816 263	77 944 950	30 816 263
Sewerage	34 402 829	6 721 498	34 402 829	6 721 498
Local Municipalities	1 646 564	3 175 874	1 646 564	3 175 874
Other Receivables	2 997 793	5 819 462	2 997 793	5 819 462
	116 992 136	46 533 097	116 992 136	46 533 097

No receivables are pledged as security for financial liabilities.

The Economic Entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure is disclosed below.

The bank utilised by the Economic Entity for current and non-current investments are all listed on the JSE (ABSA Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

Although the risk pertaining to unpaid conditional grants and subsidies are considered to be very low, the maximum exposure is disclosed below. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Receivables from exchange transactions are individually evaluated annually at Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment, where applicable. The maximum exposure is disclosed below.

Financial assets exposed to credit risk at year end are as follows:

Receivables from Exchange Transactions	268 752 513	268 955 805	268 732 958	268 943 345
Cash and Cash Equivalents	601 524	2 916 123	-	2 421 545
Non-current Investments	1 583 453	1 411 026	1 583 453	1 411 026
Unpaid Conditional Grants and Subsidies	22 163 551	31 275 063	22 163 551	31 275 063
	293 101 040	304 558 017	292 479 961	304 050 979

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The Economic Entity's risk to liquidity is a result of the funds available to cover future commitments. The Economic Entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the Economic Entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Economic Entity				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2017				
Long Term liabilities and Finance Leases	6 864 221	6 441 600	2 422 126	15 727 946
Capital repayments	5 947 344	4 623 531	2 035 702	12 606 577
Interest	916 877	1 818 069	386 423	3 121 369
Payables from exchange transactions	97 331 325	-	-	-
Unspent Conditional Government Grants and Receipts	7 433 400	-	-	-
	111 628 946	6 441 600	2 422 126	15 727 946
2016				
Long Term liabilities and Finance Leases	4 911 312	12 336 970	3 390 976	20 639 258
Capital repayments	3 455 162	9 895 674	2 710 903	16 061 739
Interest	1 456 150	2 441 296	680 073	4 577 519
Payables from exchange transactions	76 670 614	-	-	-
Unspent Conditional Government Grants and Receipts	1 016 165	-	-	-
	82 598 092	12 336 970	3 390 976	20 639 258

**JOE GQABI DISTRICT MUNICIPALITYNOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE
2017**

Municipality	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
2017				
Long Term liabilities and Finance Leases	6 864 221	6 441 600	2 422 126	15 727 946
Capital repayments	5 947 344	4 623 531	2 035 702	12 606 577
Interest	916 877	1 818 069	386 423	3 121 369
Payables from exchange transactions	97 331 325	-	-	-
Unspent Conditional Government Grants and Receipts	7 433 400	-	-	-
	<u>111 628 946</u>	<u>6 441 600</u>	<u>2 422 126</u>	<u>15 727 946</u>
2016				
Long Term liabilities and Finance Leases	4 911 312	12 336 970	3 390 976	20 639 258
Capital repayments	3 455 162	9 895 674	2 710 903	16 061 739
Interest	1 456 150	2 441 296	680 073	4 577 519
Payables from exchange transactions	76 670 614	-	-	-
Unspent Conditional Government Grants and Receipts	1 016 165	-	-	-
	<u>82 598 092</u>	<u>12 336 970</u>	<u>3 390 976</u>	<u>20 639 258</u>
	ECONOMIC ENTITY	MUNICIPALITY		
	2017	2016	2017	2016
	R	R	R	R

48 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the Economic Entity are classified as follows:

48.1 Financial Assets

Financial instruments at amortised cost

Non-Current Investments				
- Fixed Deposits	1 583 453	1 411 026	1 583 453	1 411 026
- Municipal Entity - Joe Gqabi Economic Development Agency (Soc) Ltd	1 894 055	1 894 055	1 894 055	1 894 055
Receivables from Exchange Transactions	116 992 136	59 995 623	116 992 136	59 995 623
Cash and Cash Equivalents	-	2 421 545	-	2 421 545
Unpaid Conditional Government Grants and Receipts	22 163 551	31 275 063	22 163 551	31 275 063
Total carrying amount of financial assets	<u>142 633 194</u>	<u>96 997 312</u>	<u>142 633 194</u>	<u>96 997 312</u>

48.2 Financial Liability

Financial instruments at amortised cost

Long-term Liabilities	6 667 005	12 613 456	6 667 005	12 613 456
Trade and Other Payables	97 331 325	76 670 614	97 331 325	76 670 614
Current Portion of Long-term Liabilities	5 947 344	3 355 052	5 947 344	3 355 052
Unspent Conditional Government Grants and Receipts	7 433 400	1 016 165	7 433 400	1 016 165
Total carrying amount of financial liabilities	<u>117 379 074</u>	<u>93 655 287</u>	<u>117 379 074</u>	<u>93 655 287</u>

49 EVENTS AFTER THE REPORTING DATE

The Economic Entity has noted the unfavourable weather conditions that have persisted in the last quarter ended 30 June 2017. All indications and information at hand indicates that the District will have a period of drought that will in all probability result in the outflow of economic resources in the post reporting period. Water levels in the Senqu Lady Grey and Walter Sisulu - Burgersdorp is extremely low and it is expected that carting might be needed. The outflow of resources is expected to exceed R10 million.

50 IN-KIND DONATIONS AND ASSISTANCE

None

51 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

52 CONTINGENCIES

Council has the following contingent liabilities at the end of the financial year 2016/2017:

Outstanding litigation claims

A claim was filed against the Economic Entity by a service provider disputing the award of a tender to another service provider. Judgement was received on the 26th of May 2016 in favour of the municipality, however the plaintiff has appealed the whole judgement. Judgement was received in the favour of the Municipality again from a full bench appeal and the plaintiff has opt to appeal again. The case is currently at the Supreme Court of Appeal in Bloemfontein.

1 597 373 1 097 373,80

The Economic Entity was contesting a labour matter in respect of its junior fire fighters. The labour court reviewed and set aside the decision of the commissioner to pay the employees the amount of and referred the matter back to arbitration before a new commissioner. The matter sat on arbitration and the employer representative raised points in limine which resulted to the commissioner dismissing the application on grounds of prescription but advising the employees to apply for condonation should they want to pursue the matter. The applied for condonation to SALGBC and the application was dismissed on 10 April 2017. Currently the employees have filed an application to review or set aside the decision of the commissioner who dismissed the application.

- 9 529 183

In addition, the Commissioner also issued an award that the 28 junior fire fighters be paid an amount of R211 870 each based on TASK grading. This arbitration award has also been referred for review. This matter will was suppose to sit on the 25th and 26th of October 2016, however the case was removed from the roll on the date in question due to the issues surrounding the non-filing of the record by the Bargaining council as well as the junior fire fighters attorneys. Their attorneys of record withdrew subsequently and to date we have not received a new date from the labour court.

6 347 518 6 347 518

The Municipality is contesting a claim for damages amounting to R754 702. The claim was lodged by Mr B Ramsay and his spouse for damages, pain and suffering and future medical costs. The claim relates to a motor vehicle accident wherein the vehicle was damaged when entering a site in Alwal North. The site relates to diggings on a road for the purpose of effecting repairs to water infrastructure. The complainants believe that the Economic Entity is responsible for the accident that occurred. The Economic Entity is contesting this claim and the matter has been set down for trial on the 11 October 2016 and then was removed from the roll on basis of they wanted to file their expert witness evidence. The Economic Entity is awaiting the new trial date.

754 702 754 702

The Department of Water and Sanitation is claiming an amount R37 660 353 from the Economic Entity for raw water extraction costs. This amount is made up of a number of invoices, dating back as far as 2002. The Economic Entity has had extensive interactions with the Department, but this amount has not been finalised. The Economic Entity's Management is of the opinion that this amount is firstly grossly overstated and in some cases refers to areas outside the District's jurisdiction. An accrual of R10 531 551 for bulk water purchases has been made and this amount is considered to be due and payable to the Department. The net amount of the contingency is R27 128 802. The Economic Entity is in ongoing negotiations with the Department. The Department submitted a request to its Minister and Director General to write off the amount. This decision is still pending. The Department is also considering drought relief measures for the current year's raw water extraction costs. This decision is also pending.

A summons and a notice of intention has been filed against the Economic Entity. This matter relates to an employee of the Economic Entity had an accident and a house of a resident was damaged in the process. The Economic Entity considers the likelihood of the case being lost by the Economic Entity as being medium. This matter is awaiting a court date.

272 555 272 555

There was an accident which occurred between a vehicle of Senqu Municipality and a truck driven by an employee of the Economic Entity. The insurance is claiming for damages from the Economic Entity and the Economic Entity is contesting the claim. This matter is pending before court for trial.

485 661 485 661

A claim was filed against the Economic Entity by a service provider for services rendered. Council has filed a counter claim. The Economic Entity considers the likelihood of the case being lost by the Economic Entity as being low. No court date has been set as on the reporting date.

800 000 800 000

Council has the following contingent assets at the end of the financial year 2016/2017:

A case against a former employee has been before labour court for fraud. The matter has been finalised and a debtor was created during 2016/2017.

- (300 000)

The municipality identified possible fraud which is currently under investigation by the SAPS and the outcome is unsure at this stage. The matter has been referred to the Economic Entity attorneys to claim from the medical aid scheme in question. No court date has been set on the reporting date

(5 500 000)

53 RELATED PARTIES

No business transactions took place between the **Economic Entity** and management personnel and their close family members (including close members of family members) during the year under review.

53.1 Related Party Loans

Since 1 July 2004 loans to Councillors and Senior Management Employees are not permitted.

53.2 Compensation of management personnel

The compensation of management personnel is set out in note 25, 26 and to the financial statements.

54 EXPLANATORY NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

54.1 ORIGINAL BUDGET vs FINAL BUDGET

General activities effecting the budget

The Economic Entity's Council approved the take over of the water and sanitation function from all the Local Municipalities. 2016/2017 is the third year and ability of collection is having a direct impact on our budget assumptions vs actual during the year

The Economic Entity experienced some challenges with drought during the year with specific, Aliwal North and Elundini areas effected.

There were still limited historic data available in order to draft an accurate original budget. Subsequently, more accurate historic data became available during the year which was taken into account during the drafting of the final budget. The billing responsibility contributed mainly to the challenges experienced during the year with specific reference to cashflow challenges and ageing infrastructure that was transferred with the function.

Statement of Financial Position

The budget figures on receivable remains a challenge due to factors such as historic experience by consumers as well as ability to pay.

Current Liabilities were increased due to the following:

- Current Employee Benefits were increased in order to be in line with the audited outcome of 30 June 2016 and to take into account items which were not budgeted for in the original budget.
- The Trade payables were increased due the continuous cash flow challenges of the Economic Entity

Non-Current Liabilities were increased due to the following:

- Non-Current Employee Benefits were increased in order to be in line with the audited outcome of 30 June 2016 and to take into account items which were not budgeted for in the original budget.
- Long-term Liabilities were also increased by as there was an intention to enter into a finance lease.

Statement of Financial Performance - Revenue

Capital Government Grants and Subsidies were increased due to following:

- Additional funding not initially included
- Misalignment in the initial budget and the Drought funding

Statement of Financial Performance - Expenditure

Contracted Services was decreased due to the Economic Entity being able to perform the duties itself.

Operating Grant Expenditure was increased in order to accommodate additional operating grant funding received and correction of errors as discussed under "Statement of Financial Performance - Revenue"

General Expenses was increased to accommodate the take over of the water and sanitation functions and the drought challenges experienced during the year.

Operating Expenditure by vote

Changes noted was due to the reasons explained above effecting all votes within the municipality

Capital Expenditure by vote

Budget decreased due to cashflow challenges

54.2 ACTUAL AMOUNTS vs FINAL BUDGET

Statement of Financial Position

Total Current Assets exceeds the final budget due to increase in the consumer debtors due to low payment percentage.

Total Non-Current Assets is more than budget due to the unpaid grants at year end.

Total Current Liabilities is more due to cash flow challenges experienced towards end of the financial year not anticipated, mainly due to SARS not releasing the VAT claims

Total Non-Current Liabilities is less than budget due to no increase in long term liabilities as initially anticipated.

Statement of Financial Performance - Revenue

Capital Government Grants is over due to mis alignment on the budget between Capital and operational

Billing was higher than anticipated and it was only the third year of billing.

The overall Revenue ration is only 0,1% over the final budget

Statement of Financial Performance - Expenditure

Employee Related Costs are underspent . The Municipality had a number of vacant posts in the WSP, PMU, Disaster, BTO and OHS which was not filled during the year. This was due to budget constraints and difficulty to attract the required skills.

Dept impairment is significantly more due to the third year billing as well as collection. This should improve towards the 2017/2018 year.

Contracted Services were underspent due to the municipality performing the function themselves as well as budget constraints.

General Expenses are underspent due to cash flow pressure and all departments implemented austerity measures.

The overall Revenue ration is only 12% under the final budget due to budget constraints

Cash Flow Statement

Net Cash from Operating Activities was lower than forecasted due to poor collection of outstanding debtors

Net Cash from Investing Activities was below expectations due to under expenditure on Assets

Operating Expenditure by vote

Cashflow challenges led to the inability to spend according to the budget as well as most functions performed internally.

Capital Expenditure by vote

Technical Services is underspent on capital due to the Provincial Treasury Grant allocated not fully spent.

APPENDIX A - Unaudited
JOE GQABI DISTRICT MUNICIPALITY
CONSOLIDATED SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2017

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Maturity Date	Balance at 30 June 2016	Received during the period	Redeemed during the period	Balance at 30 June 2017
ANNUITY LOANS					R	R	R	R
DBSA - Building - c/o Graham and Cole street, Barkly East	11,5%	100878	6 monthly	31 Dec 2024	5 160 051	-	385 490	4 774 561
ABSA - Water meter loan	10,73%		6 monthly	1 March 2020	4 198 874	-	887 105	3 311 769
Total Annuity Loans					9 358 925	-	1 272 595	8 086 330
FINANCE LEASE								
ABSA - VEHICLES	Prime		Monthly	Various	6 609 583	-	2 081 565	4 528 018
Total Finance Leases					6 609 583	-	2 081 565	4 528 018
TOTAL EXTERNAL LOANS					15 968 508	-	3 354 159	12 614 349

APPENDIX B - Unaudited
JOE GQABI DISTRICT MUNICIPALITY
CONSOLIDATED ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2017

ECONOMIC ENTITY	Cost/Revaluation								Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals and Impairments	Closing Balance	
Land and Buildings													
Land	2 043 000	-	-	-	-	-	-	2 043 000	-	-	-	-	2 043 000
Buildings	15 639 048	-	105 446	-	-	-	-	15 744 494	5 357 959	582 480	-	5 940 439	9 804 055
	17 682 048	-	105 446	-	-	-	-	17 787 494	5 357 959	582 480	-	5 940 439	11 847 055
Infrastructure													
Sewerage Network	322 217 928	-	10 129 451	-	138 080 707	-	-	470 428 086	72 272 067	10 265 695	-	82 537 762	387 890 324
Water Network	1 108 141 897	-	62 223 770	-	355 064 675	(880 418)	-	1 524 549 925	237 873 491	33 151 997	(574 708)	270 450 780	1 254 099 145
	1 430 359 825	-	72 353 221	-	493 145 382	(880 418)	-	1 994 978 011	310 145 557	43 417 692	(574 708)	352 988 542	1 641 989 469
Other Assets													
Office Equipment	2 365 519	-	54 313	-	-	(14 236)	-	2 405 596	1 690 250	138 397	(12 671)	1 815 976	589 620
Furniture & Fittings	3 859 923	-	45 456	-	-	(124 212)	-	3 781 167	2 755 828	151 942	(114 732)	2 793 038	988 130
Motor Vehicles	16 078 627	501 673	922 252	-	-	(35 000)	-	17 467 552	7 540 922	2 269 416	(31 363)	9 778 974	7 688 578
Fire Engines	8 031 685	892 409	-	-	-	-	-	8 924 094	6 192 206	668 360	-	6 860 566	2 063 528
Computer Equipment	3 031 228	-	287 670	-	-	(177 064)	-	3 141 834	1 332 855	154 576	(69 111)	1 418 320	1 723 513
Special Vehicles	4 256 654	483 832	-	-	-	(510 800)	-	4 229 685	1 386 324	335 379	(347 078)	1 374 624	2 855 061
Tools and Equipment	5 105 201	-	49 997	-	-	(108 387)	-	5 046 811	1 894 961	268 948	(37 007)	2 126 902	2 919 909
	42 728 837	1 877 914	1 359 688	-	-	(969 699)	-	44 996 739	22 793 346	3 987 018	(611 963)	26 168 402	18 828 338
Total	1 490 770 711	1 877 914	73 818 355	-	493 145 382	(1 850 117)	-	2 057 762 244	338 296 862	47 987 190	(1 186 671)	385 097 382	1 672 664 862

**APPENDIX B - Unaudited
JOE GQABI DISTRICT MUNICIPALITY**

CONSOLIDATED ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2017

MUNICIPALITY	Cost/Revaluation								Accumulated Depreciation				Carrying Value
	Opening Balance	Residual Value Opening Balance	Additions	Residual Value Additions	Under Construction	Disposals	Residual Value Disposals	Closing Balance	Opening Balance	Additions	Disposals and Impairments	Closing Balance	
Land and Buildings													
Land	2 043 000	-	-	-	-	-	-	2 043 000	-	-	-	-	2 043 000
Buildings	15 639 048	-	105 446	-	-	-	-	15 744 494	5 357 959	582 480	-	5 940 439	9 804 055
	17 682 048	-	105 446	-	-	-	-	17 787 494	5 357 959	582 480	-	5 940 439	11 847 055
Infrastructure													
Sewerage Network	322 217 928	-	10 129 451	-	138 080 707	-	-	470 428 086	72 272 067	10 265 695	-	82 537 762	387 890 324
Water Network	1 108 141 897	-	62 223 770	-	355 064 675	(880 418)	-	1 524 549 925	237 873 491	33 151 997	(574 708)	270 450 780	1 254 099 145
	1 430 359 825	-	72 353 221	-	493 145 382	(880 418)	-	1 994 978 011	310 145 557	43 417 692	(574 708)	352 988 542	1 641 989 469
Other Assets													
Office Equipment	2 299 784	-	48 450	-	-	(10 468)	-	2 337 765	1 650 206	131 384	(9 277)	1 772 313	565 453
Furniture & Fittings	3 696 344	-	7 281	-	-	(113 570)	-	3 590 055	2 667 963	133 950	(107 405)	2 694 508	895 547
Motor Vehicles	16 078 627	501 673	922 252	-	-	(35 000)	-	17 467 552	7 540 922	2 269 416	(31 363)	9 778 975	7 688 577
Fire Engines	8 031 685	892 409	-	-	-	-	-	8 924 094	6 192 206	668 360	-	6 860 566	2 063 528
Computer Equipment	2 912 507	-	271 843	-	-	(132 878)	-	3 051 471	1 248 557	141 330	(37 603)	1 352 284	1 699 187
Special Vehicles	4 256 654	483 832	-	-	-	(510 800)	-	4 229 685	1 386 323	335 379	(347 078)	1 374 624	2 855 061
Tools and Equipment	3 080 408	-	49 997	-	-	-	-	3 130 406	1 478 131	130 962	-	1 609 093	1 521 313
	40 356 008	1 877 914	1 299 823	-	-	(802 716)	-	42 731 029	22 164 309	3 810 781	(532 727)	25 442 363	17 288 666
Total	1 488 397 882	1 877 914	73 758 490	-	493 145 382	(1 683 134)	-	2 055 496 534	337 667 825	47 810 953	(1 107 435)	384 371 344	1 671 125 190

APPENDIX C (UNAUDITED)

CONSOLIDATED SEGMENTAL STATEMENTS OF FINANCIAL PERFORMANCE (MUNICIPAL VOTES) FOR THE YEAR ENDING 30 JUNE 2017

VOTE	30 JUNE 2017				30 JUNE 2016		
	REVENUE R	EXPENDITURE R	SURPLUS/(DEFICIT) R		REVENUE R	EXPENDITURE R	SURPLUS/(DEFICIT) R
ECONOMIC ENTITY							
Management Services	498 522	46 243 645	(45 745 123)		1 761 393	50 744 149	(48 982 756)
Financial Services	344 426 998	69 088 689	275 338 309		320 290 060	69 178 011	251 112 048
Corporate Services	7 739 477	45 584 973	(37 845 496)		3 533 003	47 299 091	(43 766 088)
Technical Services	336 984 114	270 346 238	66 637 877		320 369 270	250 551 477	69 817 793
Community Services	10 105 896	48 831 971	(38 726 075)		9 316 963	50 454 428	(41 137 465)
TOTAL	699 755 007	480 095 515	219 659 491		655 270 689	468 227 157	187 043 532
MUNICIPALITY							
Management Services	500 000	45 798 575	(45 298 575)		800 000	40 252 595	(39 452 595)
Financial Services	344 426 998	69 088 689	275 338 309		317 481 325	55 962 548	261 518 777
Corporate Services	7 739 477	45 584 973	(37 845 496)		3 533 003	47 299 091	(43 766 088)
Technical Services	336 984 114	270 346 238	66 637 877		320 369 270	277 903 755	42 465 515
Community Services	10 105 896	48 831 971	(38 726 075)		9 316 963	50 454 428	(41 137 465)
TOTAL	699 756 485	479 650 445	220 106 039		651 500 561	471 872 418	179 628 144

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX D (UNAUDITED)

CONSOLIDATED DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2017

	Opening Balance	Restatement on opening balance	Restated opening balance	Grants Received	Return to Treasury	Transferred to Revenue (Operating)	Transferred to Revenue (Capital)	Closing Balance	Comment
	R			R	R	R		R	R
ECONOMIC ENTITY									
NATIONAL GOVERNMENT									
Accelerated Community Infrastructure Programme (ACIP)	85 102		85 102	-	-			85 102	Unpaid Grants
Municipal Infrastructure Grant (MIG)	2 532 298	(2 505 079)	27 219	151 602 000	-	61 484 278	87 585 605	(2 504 898)	Unspent Grants
Department Water Affairs	5 749		5 749	-	-	-	-	5 749	Unpaid Grants
EPWP Programme	29 998		29 998	1 474 000	-	1 474 000		29 998	Unpaid Grants
Equitable Share	-		-	223 621 000	-	223 621 000		-	Unspent Grants
Finance Management Grant (FMG)	139		139	1 250 000	-	1 249 984		123	Unpaid Grants
Municipal Systems Improvement Grant (MSIG)	200		200	-	-	-	-	200	Unpaid Grants
Public Works - Special Programme	3 883 893		3 883 893	22 796 884	-	24 001 747		5 088 757	Unpaid Grants
Water Services Operating Subsidy	(998 558)		(998 558)	-	998 000			(558)	Unspent Grants
Municipal Water Infrastructure Grant (MWIG)	11 327		11 327	-	-			11 327	Unpaid Grants
Water Services Infrastructure Grant (WSIG)	-		-	71 828 000			71 827 698	(302)	Unspent Grants
RBIG	4 235 910		4 235 910	16 573 434	-		9 728 835	(2 608 690)	Unspent Grants
Department of Human Settlement	5 485 490		5 485 490	-	-		4 546 291	10 031 781	Unpaid Grants
Rural Households Infrastructure Grant	(4 000)		(4 000)	-	-	-	-	(4 000)	Unspent Grants
Total	15 267 548	(2 505 079)	12 762 469	489 145 318	998 000	311 831 010	173 688 429	10 134 589	
PROVINCIAL GOVERNMENT									
Enviromental Health Practioners	2 023 388		2 023 388	-	-	-	-	2 023 388	Unpaid Grants
Provincial Treasury drought relief programme	12 966 954		12 966 954	82 688 568	-		74 608 740	4 887 126	Unpaid Grants
EC Cogta Amalgamation support grant			-	500 000		500 000		-	Unspent Grants
MIS Asset Management			-	1 346 500				(1 346 500)	Unspent Grants
Rural Roads Asset Management Grant	(13 607)		(13 607)	2 136 000	-	1 256 300	-	(893 308)	Unspent Grants
Total	14 976 734	-	14 976 734	86 671 068	-	1 756 300	74 608 740	4 670 706	
OTHER									
LG Seta	14 615		14 615	1 319 080	-	1 229 320		(75 145)	Unspent Grants
Industrial Development Corporation (IDC)	(285 766)		(285 766)			285 766		-	
Eastern Cape Development Corporation (ECDC)	(71 072)		(71 072)			71 072		-	
Total	(342 223)	-	(342 223)	1 319 080	-	1 586 158	-	(75 145)	
Total	29 902 059	(2 505 079)	27 396 980	577 135 466	998 000	315 173 467	248 297 169	14 730 150	

Monies due to Joe Gqabi District Municipality as at 30 June 2017

Monies not spent by Joe Gqabi District Municipality as at 30 June 2017

22 163 551
(7 433 400)
14 730 150

JOE GQABI DISTRICT MUNICIPALITY

APPENDIX D (UNAUDITED)

CONSOLIDATED DISCLOSURE OF TRANSFERS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2017

	Opening Balance	Restatement on opening balance	Restated opening balance	Grants Received	Return to Treasury	Transferred to Revenue (Operating)	Transferred to Revenue (Capital)	Closing Balance	Comment
	R			R	R	R		R	R
MUNICIPALITY									
NATIONAL GOVERNMENT									
Accelerated Community Infrastructure Programme (ACIP)	85 102		85 102	-	-			85 102	Unpaid Grants
Municipal Infrastructure Grant (MIG)	2 532 298	(2 505 079)	27 219	151 602 000	-	61 484 278	87 585 605	(2 504 898)	Unspent Grants
Department Water Affairs	5 749		5 749	-	-	-	-	5 749	Unpaid Grants
EPWP Programme	29 998		29 998	1 474 000	-	1 474 000		29 998	Unpaid Grants
Equitable Share	-		-	223 621 000	-	223 621 000		-	Unspent Grants
Finance Management Grant (FMG)	139		139	1 250 000	-	1 249 984		123	Unpaid Grants
Municipal Systems Improvement Grant (MSIG)	200		200	-	-	-	-	200	Unpaid Grants
Public Works - Special Programme	3 883 893		3 883 893	22 796 884	-	24 001 747		5 088 757	Unpaid Grants
Water Services Operating Subsidy	(998 558)		(998 558)	-	998 000			(558)	Unspent Grants
Municipal Water Infrastructure Grant (MWIG)	11 327		11 327	-	-			11 327	Unpaid Grants
Water Services Infrastructure Grant (WSIG)	-		-	71 828 000			71 827 698	(302)	Unspent Grants
RBIG	4 235 910		4 235 910	16 573 434	-		9 728 835	(2 608 690)	Unspent Grants
Department of Human Settlement	5 485 490		5 485 490		-		4 546 291	10 031 781	Unpaid Grants
Rural Households Infrastructure Grant	(4 000)		(4 000)	-	-	-	-	(4 000)	Unspent Grants
Total	15 267 548	(2 505 079)	12 762 469	489 145 318	998 000	311 831 010	173 688 429	10 134 589	
PROVINCIAL GOVERNMENT									
Environmental Health Practitioners	2 023 388		2 023 388	-	-	-	-	2 023 388	Unpaid Grants
Provincial Treasury drought relief programme	12 966 954		12 966 954	82 688 568	-		74 608 740	4 887 126	Unpaid Grants
EC Cogta Amalgamation support grant			-	500 000		500 000		-	Unspent Grants
MIS Asset Management			-	1 346 500				(1 346 500)	Unspent Grants
Rural Roads Asset Management Grant	(13 607)		(13 607)	2 136 000	-	1 256 300	-	(893 308)	Unspent Grants
Total	14 976 734	-	14 976 734	86 671 068	-	1 756 300	74 608 740	4 670 706	
OTHER									
LG Seta	14 615		14 615	1 319 080	-	1 229 320		(75 145)	Unspent Grants
Total	14 615	-	14 615	1 319 080	-	1 229 320	-	(75 145)	
Total	30 258 897	(2 505 079)	27 753 818	577 135 466	998 000	314 816 629	248 297 169	14 730 150	